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## Bundesbank Joins Feud Over EU Central Banker

France, 'a Minority of One,' Refuses to Yield; Germany Hints at a Rise in Its Interest Rates



Raymond Barre, euro believer.

### Euro Prophet Sees Europe Approaching A Golden Age

By Anne Swardson  
Washington Post Service

PARIS — He is 74 now, and Raymond Barre, a former prime minister of France, sees Europe on the threshold of a golden age.

Dawn comes this weekend, when the leaders of Europe take the first concrete steps toward abandoning their national currencies in favor of one, the euro.

The process will not be completed until 2002, but it will take on an irreversible nature beginning Saturday in Brussels. Eleven countries are expected to sign up on that day.

If Mr. Barre takes deep pleasure in the historic nature of this step, he has a right: He was one of the first to suggest a single currency for Europe. The fact that he made his proposal 30 years ago merely indicates, he said, the inevitable nature of this marriage of monies.

"Everything that has gone before means all the pieces are now coming together," Mr. Barre said. "Yes, there will be fights, there will be tension. But we simply can't do otherwise. To fail would be a catastrophe of worldwide, historic dimensions."

He is not exaggerating. Nothing of this scale has been attempted in the history of international finance. The euro will kill off the proud German mark, the elegant French franc, the plentiful Italian lira, the Dutch guilder, the Spanish peseta, the parallel Belgian and Luxembourg francs, the Austrian schilling, the Portuguese escudo, the Irish pound and the Finnish markka — all in the name of the greater economic and political good.

In the process, its supporters hope, Europe will gain the economic — and perhaps ultimately political — dynamism it long has lacked. A trading power larger than the United States, Europe has played a far smaller role on the world stage. The euro, it is hoped, will allow Europe to achieve global-power status commensurate with its demographic, industrial and creative powers. "The movement to-

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By John Schmid  
and Alan Friedman  
International Herald Tribune

FRANKFURT — On the eve of the European Union summit meeting that will set final terms for the 11-nation launch of the euro, the Bundesbank sent a clear signal Wednesday that it was upset with the continuing feud over the choice of Europe's first central bank president.

Hans Tietmeyer, the Bundesbank president, warned against the "politicizing of the euro"

and said that the German central bank on Thursday would debate "all issues that are important for the stability of the euro." Financial markets, increasingly nervous about the unresolved European Central Bank dispute, are speculating that the Bundesbank may use the meeting Thursday to reassess its position on the euro.

The battle over the European bank presidency — which pits the French nominee, Jean-Claude Trichet, against the consensus candidate, Wim Duisenberg of the Netherlands — showed no signs of abating Wednesday.

From Tokyo, President Jacques Chirac renewed his insistence that "France has a candidate and supports its candidate."

Reinhold Jochimsen, a member of the Bundesbank's council, lashed out at France. "I thought the Maastricht treaty was about European interests and not just separate national interests," he said in reference to the treaty that governs the move to the single currency.

Commenting on behind-the-scenes efforts to persuade Mr. Duisenberg to accept a split of the eight-year term, Mr. Jochimsen said the reputation of the new central bank already had been "damaged" by the political dispute.

"This is to me outrageous," he said. "Everyone should know that the European Central Bank is a European supra-national institution. It is for Europe. It is a European currency. And its credibility and functionality and future depend on stability, trust, independence and confidence."

In a remark that economists said could indicate that the German central bank plans to raise interest rates in the near future, Mr. Tietmeyer also said, "From next week on, we at the Bundesbank must take into account the entire new European currency area."

Avinash Persaud, director of currency research at J.P. Morgan & Co., said he expected the Bundesbank to raise German short-term rates, now at 3.3 percent, toward 4 percent by the end of the year.

"Until now, Europe's interest rate policy has been set largely by the Bundesbank," he said. "But from May

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### To Our Readers

Because of the May Day holiday, the International Herald Tribune will not appear on Friday. Normal printing and distribution resume Saturday with the weekend edition, including a Special Report on Europe and the euro.



Chen Kaige, a major Chinese film director, showing Madeleine Albright and Ambassador James Sasser around a Beijing studio on Wednesday.

## Year 2000 Computer Bug: U.S. Predicts Hefty Price

Firms to Spend at Least \$50 Billion, Fed Says

By Rajiv Chandrasekaran  
Washington Post Service

WASHINGTON — U.S. businesses are likely to spend at least \$50 billion fixing Year 2000 computer glitches, the Federal Reserve Board said, providing the federal government's first official estimate of such costs.

The massive effort to reprogram millions of computers to recognize dates in the new millennium and, therefore, continue to function, could trim U.S. economic growth by a tenth of a percentage point in each of the next two years, a Fed official said.

The problem is "real and serious," Edward Kelley Jr., a Federal Reserve Board governor, told a Senate committee Tuesday. The total worldwide repair bill could top \$300 billion, he said. Mr. Kelley's projections bolster earlier forecasts by corporate analysts.

Millions of computers — some of which are central to running financial markets, air-traffic control systems and even elevators in office buildings — cannot distinguish between the year 1900 and the year 2000 because an old programming practice expressed years as two digits.

Unless they are repaired, these systems will process the year 2000 as "00," and the computer will think it

has somehow been transported back to 1900, which could cause it to shut down or turn out erroneous data. As the year 2000 gets closer, this "bug" is attracting high-level attention in both government offices and corporate boardrooms around the world.

The Securities and Exchange Commission is now requiring companies with publicly traded shares to disclose how much they are spending to fix the problem and how far along they are.

Businesses have started to question readiness of their suppliers and distributors, while "headhunting" firms have started to offer lucrative signing bonuses for increasingly scarce programmers. This week, the Senate took the unusual step of establishing a committee solely to press for rapid work on the issue.

Of concern is not just how much it will cost to fix the glitch, but also whether critical government and private-sector systems will be repaired in time.

The chairman of the New York Stock Exchange, Richard Grasso, pledged at the hearing that the stock market be overhauled, as well as other U.S. financial markets, will have eradicated the glitch by early next year, but he voiced worries about the readiness of overseas exchanges.

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## In China, Albright Hails 'Partnership' But Tensions Over Arms Exports And Rights Remain, She Says

By Steven Erlanger  
New York Times Service

BEIJING — The United States and China "have moved well down the road toward building a constructive, strategic partnership," Secretary of State Madeleine Albright said Wednesday as she began two days of high-level meetings designed to produce results when President Bill Clinton comes here for a summit meeting around June 24.

While she emphasized Beijing's more cooperative relationship with Washington in a joint news conference with the new Chinese foreign minister, Tang Jiaxuan, she said the two countries "still have some differences," especially over human rights, the situation of Tibet, and Chinese exports of sensitive chemical and missile technologies to Iran and Pakistan.

Those differences also include smaller issues like the treatment of the surviving leadership of Cambodia's Khmer Rouge, senior U.S. officials said Wednesday.

The Chinese have thus far rejected strong suggestions by the United States that the existing war crimes tribunal dealing with Bosnia be expanded by the United Nations Security Council to include war crimes by the Khmer Rouge.

Instead, Beijing wants the new Cambodian government to decide on the war crimes problem after elections expected in late July, the U.S. officials said Wednesday.

Previously, before the death of the Khmer Rouge leader Pol Pot, U.S. officials said only that China was studying the issue.

Tibet was also an important subject on Wednesday, the officials said. In Mrs. Albright's five hours of meetings and meals with Mr. Tang and Deputy Prime Minister Qian Qichen, the former foreign minister.

But Washington still has no idea of the whereabouts of the 9-year-old Panchen Lama, and China still refuses to allow even nongovernmental outsiders any access to him, a U.S. official said Wednesday.

In 1996, Beijing said it was taking the Panchen Lama into "protective custody at the request of his parents."

On Thursday, Mrs. Albright was to meet with China's most senior officials, President Jiang Zemin and Prime Minister Zhu Rongji. U.S. officials said they could provide little detail of the results of Mrs. Albright's talks Wednesday, since the same issues were to be taken up at a higher level Thursday.

Foreign Minister Tang, who took office last month, met Mrs. Albright on Wednesday for the first time.

He agreed with her that "progress has been made as compared to the past" — an oblique reference to difficult U.S.-Chinese relations since 1989, when Chinese troops cracked down on demonstrators around Tiananmen Square in 1989, killing more than 1,000 people.

Mr. Tang said China was trying "to build a country according to law" and shared American concerns about controlling dangerous weapons.

Mr. Clinton will become the first American president to visit China since the Tiananmen protests, and wants to leave behind a legacy of a more balanced and cooperative relationship with a changing China, senior U.S. officials say.

Mr. Clinton's critics, including many Republicans in Congress, think he is not skeptical enough of China's real in-

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## Riots Erupt After China Outlaws a Sales Practice

Reuters

BEIJING — Ten people have been killed and about 100 injured in rioting in central China after the government imposed a nationwide ban on all forms of door-to-door sales, officials said Wednesday.

In Zhangjiajie in Hunan Province, six people have been killed and more than 100 injured since rioting broke out last week after the State Council, or cabinet, announced the ban, local officials said.

In Hengyang in Hunan Province, thousands of salespeople attacked and killed four of their employers, officials said.

The cabinet banned door-to-door sales to curb get-rich-quick schemes. State-run media have linked such operations to the growth of religious sects.

Police in Zhangjiajie had to call in reinforcements from the nearby cities of Changsha and Changde to maintain order, the officials said.

"This is a relatively serious problem," one said. "More harmful things could happen if the aftermath were not handled well."

Billed by unscrupulous businessmen as "the last chance to get rich this century," fly-by-night sales schemes have cashed in on China's mad rush to make money by offering lucrative commissions to sales staff for finding buyers of overpriced goods.

After the ban, some employers disappeared while others were unable to provide refunds. Salespeople were denied commissions.

Many of those who were duped by the sales operations took to the streets, where they smashed shops and cars. Police have arrested about 10 rioters.

In Pingtang, a town in Hunan, the police rescued six employers of sales companies after they had been held hos-

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### AGENDA

#### Belgrade Hit With Sanctions Over Kosovo

ROME (Reuters) — The six-nation Contact Group agreed Wednesday to introduce fresh sanctions against Yugoslavia over the Kosovo crisis, the head of the French delegation said.

"The Contact Group today has decided to introduce new measures — sanctions — especially on the freezing

of assets initially and then, in a second phase, measures concerning investments," said Jacques Blot.

Russia consented in the thrust of measures but had expressed reservations over fresh penalties against Belgrade, he said. The group also includes the United States, Germany, Britain and Italy.

#### Turks Open Drive on Kurdish Separatists

DIYARBAKIR, Turkey (Reuters) — Thousands of Turkish troops backed by air power have attacked Kurdish separatist rebels in the mountains in the southeast of the country, military officials said Wednesday.

An official said that the wide-ranging push against the Kurdish Workers Party in the remote mountainous region began four days ago. The state-run Anatolian News Agency said that up to 40,000 troops were involved.

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TIME TO REMEMBER — An ultra-Orthodox Jew scuffling Wednesday with a TV crewman after he was filmed walking in Jerusalem while Israelis paused to honor slain soldiers. A widow called for peace. Page 6.

## Clinton and Congress Square Off on UN Dues Bill

By Brian Knowlton  
International Herald Tribune

WASHINGTON — Drawing rhetorical battle lines that may reach throughout this election year, the White House promised again Wednesday to veto a bill that would link payment of UN dues to restrictions on abortions abroad, while Republican leaders warned that a veto would severely damage cooperation on major foreign policy issues.

The bill will be vetoed "as soon as we get it," said Michael McCurry, the White House spokesman. "They ought to just send it down here so that we can send it back to them in the same day's mail."

The Senate, splitting nearly on party lines, voted, 51

to 49, on Tuesday to approve a bill to reorganize the State Department and pay \$926 million in delinquent dues to the United Nations.

But the measure includes a provision, attached by House conservatives, that would bar any of the money from being used, even indirectly, to support international family-planning organizations that advocate abortion rights.

The administration has militated strongly for payment of the dues, withheld originally by the Reagan administration to protest what was seen as a bloated and unresponsive UN bureaucracy. It portrayed the vote Tuesday as a dangerously defiant act by congressional Republicans that could undermine U.S. leadership.

Mr. McCurry said the bill would be quickly vetoed

and accused Republicans of seeking to "poison the debate." He urged them to pass a substitute bill including the UN moneys but without the abortion clause.

Republican leaders, however, said Wednesday that they would not send the bill to Mr. Clinton immediately, hoping to allow time for Europeans and other major U.S. allies, resentful of the American delinquency, to press Mr. Clinton to sign the bill.

"We want to let the pressure build up," said a Republican Senate aide, speaking on condition of anonymity.

Seeking to further increase the pressure, Republican

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## France Curbs High Official In Ship Scandal

By Craig R. Whitney  
New York Times Service

PARIS — The fifth-ranking official of France was placed under examination, one step short of indictment, on Wednesday in an investigation of multi-million-dollar payments to a lobbyist woman friend who tried in get him to drop the Foreign Ministry's objections to the sale of six French-built warships to Taiwan in 1991.

Roland Dumas, 75, a former foreign minister and a prominent Socialist who is now president of the Constitutional Council, was questioned Wednesday afternoon by two investigating magistrates at a country home near Bordeaux, where he has been recovering from hip surgery.

Later, officials announced that the magistrates had placed him under investigation for alleged embezzlement and complicity in misappropriation of funds. He will have to post bail and his foreign travel will be limited.

The Constitutional Council rules on the constitutionality of laws and arbitrates disputes between the country's legislative and executive branches. Members of the conservative opposition called on Mr. Dumas to resign, as conservative government ministers had to do after they came under the cloud of corruption in numerous earlier scandals.

Mr. Dumas, foreign minister when the sale of six frigates to Taiwan was first proposed in 1989, opposed the deal because he said he feared it would damage

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The Dollar		
	Wednesday 4 P.M.	previous close
New York	1.7958	1.794
DM	1.7958	1.794
Pound	1.6703	1.6675
Yen	132.355	132.195
FF	6.02	6.0116

The Dow		
	Wednesday close	previous close
+52.56	8951.52	8899.96

S&P 500		
	Wednesday 4 P.M.	previous close
change	1094.62	1085.11

Newsstand Prices	
Andorra	10.00 FF
Antilles	12.50 FF
Cameroon	1.600 CFA
Egypt	5.50
France	10.00 FF
Gabon	1.100 CFA
Italy	2.800 Lire
Ivory Coast	1.250 CFA
Jordan	1.250 JD
Kuwait	700 Fils
Lebanon	11.3,000
Morocco	16 Dh
Qatar	10.00 QR
Réunion	12.50 FF
Saudi Arabia	10 SR
Senegal	1.100 CFA
Spain	225 Ptas
Tunisia	1.250 Din
U.A.E.	10.00 Dh
U.S. (Est.)	\$1.20









THE AMERICAS

## Castro Rejects Chretien's Plea For Release Of Prisoners

HAVANA — Fidel Castro has rebuffed an appeal for political changes and prisoner releases made by Prime Minister Jean Chretien of Canada during a visit to the island.

Immediately after seeing Mr. Chretien off at the airport, Mr. Castro declared Tuesday: "We are not going to change. We are going to continue defending our cause and our socialism."

Mr. Castro showed no sign of agreeing to Mr. Chretien's personal appeal for the release of four leading dissidents jailed on the island.

"We have not made any type of commitment in relation to that," Mr. Castro said.

He added that Cuba was not the "only nation with prisoners who have committed crimes against the state, saying there were 'hundreds' of such inmates in Europe."

Mr. Chretien arrived in Cuba on Sunday wanting to stress both Ottawa's independence from Washington's policy of isolating Cuba and its belief that



Mr. Chretien being escorted to his plane by Mr. Castro on Tuesday.

"constructive engagement" with the island could bring change.

On the plane back to Ottawa on Tuesday afternoon, reporters asked Mr. Chretien whether he thought his mission had failed because there were few concrete results.

"I take one step at a time," Mr. Chretien said, adding that there was a possibility the two leaders might have

further talks in Geneva next month on the sidelines of celebrations marking international organizations.

Earlier, Mr. Chretien suggested Washington might have a long wait if it hopes Mr. Castro, 71, will soon disappear. "Will the Americans await the departure of Mr. Castro? I don't know. He appeared to me in top form physically."

## POLITICAL NOTES

### Partisan War of Words Heats Up

WASHINGTON — Intensifying a war of words with Republicans, the Clinton administration suggested Wednesday that it could not do business with the House speaker, Newt Gingrich, until "he comes back to his senses."

Mr. Gingrich, meanwhile, accused the administration of impeding a congressional investigation of campaign finance irregularities and said Democrats had engaged in a "cover-up" on behalf of the White House.

The sharp words at the White House and on Capitol Hill were an escalation of partisan rhetoric as the administration clashed with Republican leaders over tobacco legislation, child care, abortion restrictions and education initiatives.

The White House press secretary, Michael McCurry, responded to Mr. Gingrich saying: "We're going to have to do business with him sooner or later. And as soon as he comes back to his senses, we'll do business."

supporting victims' rights, but has asked Congress to hedge it with a clause recognizing the "irreducible rights" of criminal defendants.

Associate Attorney General Raymond Fisher told the Senate Judiciary Committee that an amendment was needed to correct the imbalance "between defendants' constitutional rights and the current haphazard patchwork of victims' rights." But he noted that the administration also wanted to make sure that "we do not erode the rights of the accused."

The chief sponsors of the proposed amendment, Senators Jon Kyl, Republican of Arizona, and Dianne Feinstein, Democrat of California, said they had already scaled it back to cover only victims of "a crime of violence" and made other changes to protect defendants' rights to due process and effective counsel.

### Quote / Unquote

David Pyke, a lawyer for Paula Jones, as Mrs. Jones formally told a federal judge she was appealing the decision to dismiss her sexual harassment lawsuit against President Clinton: "She's continuing the fight. We're going to continue to make the same arguments and try to advance the legal arguments to a higher court."

### Retooling a Rights Amendment

WASHINGTON — The Clinton administration says it remains strongly committed to a constitutional amendment

### Away From Politics

- Citing a high dropout rate among black students, the NAACP asked a federal judge to resume supervision of Cincinnati's public schools. The National Association for the Advancement of Colored People accused the school board of being insincere about desegregation. (AP)
- The Arizona Supreme Court ruled that a 1988 law

requiring state and local government business to be conducted in English was unconstitutional. (NYT)

- More baby rats have died aboard the space shuttle Columbia, prompting an animal rights group to accuse the National Aeronautics and Space Administration of having an "appalling record" in animal research. (AP)

## Starr to Plead Case For Muffler Chain

By Ruth Marcus and Susan Schmidt  
Washington Post Service

WASHINGTON — Kenneth Starr, the independent counsel, has decided to proceed with plans to argue a major appeals court case next month, rejecting criticism even from some allies that he should be devoting himself entirely to the investigation of President Bill Clinton.

Mr. Starr has maintained his private law practice at Kirkland & Ellis, where he has earned more than \$1 million annually, throughout his four-year tenure as a special prosecutor. His supporters argue that Mr. Starr, whose private work is allowed under the independent counsel statute, works more than full-time at the counsel job and can juggle his dual roles.

Mr. Starr agreed months ago to handle the court case set to be argued Tuesday. It is a dispute between the Meineke discount muffler chain and franchisees who claim the

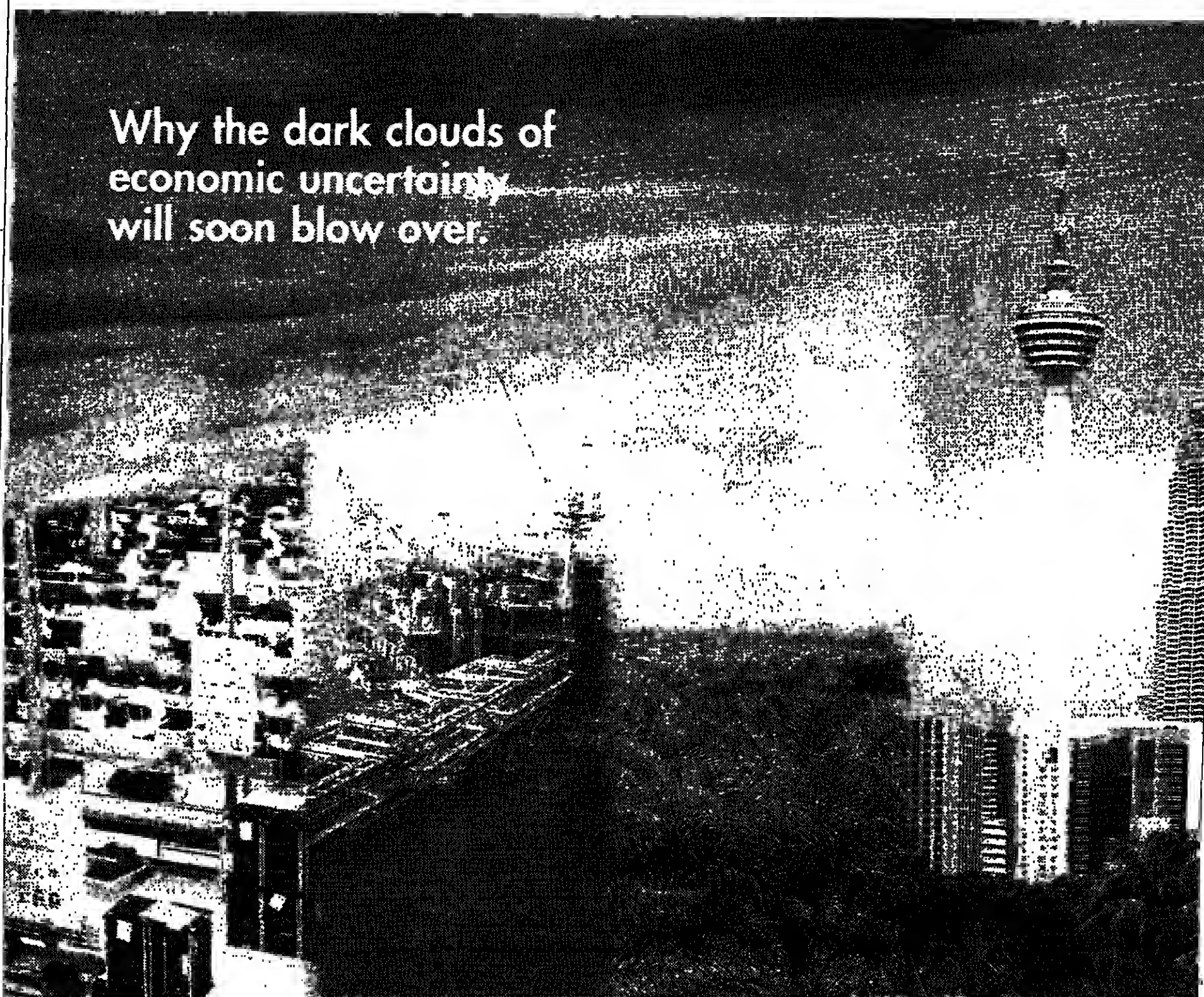
company defrauded them of millions of dollars that were supposed to go for advertising. Mr. Starr is representing Meineke and asking the court to overturn a \$400 million judgment against the company.

The White House has seized on Mr. Starr's plan to argue the case at a time when he is working to complete a report to Congress about his investigation of Mr. Clinton. The opposing lawyer in the case, Charles Cooper, has said he will devote about 100 hours to preparing for the argument.

James Kennedy, a White House spokesman, said Tuesday: "It appears Mr. Starr is exercising a new privilege — the privilege to earn \$1 million a year for himself while spending \$40 million of taxpayer money on an endless investigation."

A spokesman for Mr. Starr, Charles Bakaly, said that "this matter is a long-standing commitment, and he honors his commitments to both his public and private clients."

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## MALAYSIA Bullish on Bouncing Back

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## AMERICAN TOPICS

### Las Vegas Hotels Keep Going 'Boom'

When the famed Aladdin Hotel-Casino was flattened earlier this week in a carefully engineered implosion, it was the fifth such Las Vegas icon to be leveled in five years, all of them succumbing to the recent mania for mega-resorts.

The Dunes was imploded in October 1993, making way for the \$1.6 billion Bellagio resort, scheduled to open this fall. The Landmark was razed in November 1995 to make room for a parking garage. The venerable Sands was destroyed a year later and the \$2 billion Venetian resort is rising in its place. The Hacienda met its end in a 1996 New Year's Eve spectacle, and the Mandalay Bay resort will open on that site next spring.

The old Aladdin, with 1,100 rooms, is being replaced by the 2,600-room Aladdin Hotel and Casino, a second hotel-casino with 1,000 rooms as a joint venture of Aladdin Gaming Ltd. and Planet Hollywood plus a shopping complex. Total cost: \$1.3 billion.

Since 1989, a total of 10 mega-resorts — each with 2,500 rooms or more and costing from \$80 million to \$2 billion — have been built, and five more are planned. The city is gaining 26,000 hotel rooms in just three years, a 25 percent increase that will push the total past 125,000.

"We have an incredible market here," said Richard Goeglein, president of Aladdin Gaming. "Las Vegas is a tremendous people-generator," drawing perhaps 30 million visitors a year.

The city can trace that "generating" capacity to 1931, when the legalization of gambling in Nevada brought life to what had been a sleepy way station on the Union Pacific route. The first big casino opened in Las Vegas in 1946.

### Short Takes

A special Cinco de Mayo stamp, commemorating the Mexican victory over French troops on May 5, 1862, was released this month, the first stamp to be issued jointly by the United States and Mexico. The stamp, bearing the image of two colorfully costumed dancers, is part of a new series of stamps commemorating such holiday celebrations as Hanukkah and the African-American holiday Kwanzaa. In Los Angeles, the stamp made its debut Sunday during a Cinco de Mayo celebration — a bit early — that drew 200,000 Latino celebrants.

Many physicians complain about the rise in managed health care, which they say causes them to work harder and interferes with the doctor-patient relationship, according to an American Medical Association survey. But while an AMA survey two years ago found that doctors' incomes had declined, as managed health care affected their billing — dropping by 4 percent from the previous survey, to \$182,000 — the latest study finds they have climbed back significantly — to \$199,000.

A quarter-century after the oil crisis of the early 1970s created a wood-heat boom in northern New England, enthusiasm for wood has fallen. In New Hampshire, less than 9 percent of people surveyed by the state energy office said they still heat their homes with wood. In the winter of 1983-84, a total of 30 percent relied on wood.

Brian Knowlton







EUROPE

## A Fresh Post for Russian Tycoon

### Berezovsky Is Named at 'Empty' Summit of Post-Soviet Group

By Daniel Williams  
Washington Post Service

MOSCOW — A summit meeting of leaders from 12 former Soviet republics did little Wednesday to come to grips with the progressive collapse of the Commonwealth of Independent States, the pale successor to the Soviet Union.

The main thing that seems to have survived from the old Soviet alliance is the method of papering over problems: call another meeting and name someone new to head the bureaucracy.

On Wednesday, the Russian business tycoon Boris Berezovsky was named as executive secretary of the commonwealth, consistent with suggestions that private business should be given a stake in the preservation of the group of republics. Mr. Berezovsky will preside over a July forum on reorganization of the commonwealth.

Before the meeting Wednesday, Russian officials and some from the commonwealth had hoped for the endorsement of steps to integrate economies of commonwealth members. But continued wrangling over how close to bind the economic policies of the 12 members stood in the way.

"Today's talks were absolutely empty," said Nursultan Nazarbayev, president of Kazakhstan and a promoter of economic integration. "I gave the

presidents a draft project on a unified economic space. All of this was taken who knows where."

Alexander Lukashenko, the president of Belarus, said, "I regret to say we did not make any advances."

The summit meeting was the second in succession to end without a major policy directive or any clear indication of how the organization intends to develop.

Originally designed as a low-cost successor to the Soviet Union and a geopolitical rival to the North Atlantic Treaty Organization and the European Union, the commonwealth is becoming irrelevant. Military cooperation is minimal. Trade among the countries is declining. Most members have gone off to create alliances among themselves, and several resist any form of integration with Russia, the prime promoter of unity.

Mr. Berezovsky's nomination raised eyebrows in Moscow because President Boris Yeltsin and Mr. Berezovsky have been feuding over internal Russian politics. Mr. Yeltsin was unhappy with Mr. Berezovsky for opposing Mr. Yeltsin's choice for prime minister, Sergei Kiriyenko. Mr. Yeltsin, who during a previous government shake-up dismissed Mr. Berezovsky from his post as security chief, was at pains to explain the appointment.

"I agreed because Berezovsky is a lively man," Mr. Yeltsin said. "I once sacked him, but this does not embarrass me."

Mr. Berezovsky's diplomatic career is limited to efforts to improve Moscow's relations with breakaway Chechnya. Despite tensions with Mr. Yeltsin, he remains a confidant of the president's daughter, Tatiana, and handles family finances. He will preside at a commonwealth meeting in July among lower level officials to reorganize the organization.

"The time has come for decisive steps to build a real CIS," Mr. Berezovsky said. Private capital is the only force able to consolidate the CIS.

Among Mr. Berezovsky's business interests is oil, and oil has become a key growth industry in the Central Asian region of the former Soviet Union. So far, Mr. Berezovsky's companies have won no stakes in the region.

Expectations are low for the next meeting.

"The commonwealth is in need of a substantial overhaul," said Eduard Shevardnadze, the Georgian leader. "Breakthroughs should be thoroughly prepared. A month, two, even a year are not enough."

#### Communists Assail Yeltsin

Russia's opposition Communists rejected President Yeltsin's new govern-



Boris Yeltsin presenting Boris Berezovsky on Wednesday as the new executive secretary of the 12-country group.

ment lineup on Wednesday and bitterly criticized him over the promotion of Mr. Berezovsky.

Mr. Yeltsin, who defeated the Communists last week by winning parliamentary approval for Mr. Kiriyenko, rubbed salt into their wounds Tuesday by starting to name a new cabinet similar

to the one he dismissed last month.

"The head of state is completely scornful of public opinion," the Communist Party chief, Gennadi Zyuganov, told the Interfax press agency.

The new lineup, announced in part Tuesday, included Boris Nemtsov, one of the Communists' arch-enemies, and

retained familiar faces at the finance, defense, interior and foreign ministries. The final line-up is expected to be unveiled on Thursday.

A statement on Mr. Nemtsov's official Internet website Wednesday said he would control the energy sector and transportation.

## Russia to Put Mir Out of Its Misery

By Daniel Williams  
Washington Post Service

MOSCOW — Russian space officials are preparing the old, frail and forgetful Mir spacecraft for an assisted suicide.

A top official at RKK Energia, the company that built Mir and oversees it, said that cosmonauts on board would begin to maneuver it into a lower orbit in May, the first step in letting gravity do its work. A module would be launched toward Mir on May 15 carrying fuel to propel the station toward earth, a spokesman for the Russian space agency said.

Perhaps as early as December 1999, the last crew will abandon ship. The station will fall into the atmosphere and crash into the sea, either as a whole, or in pieces after modules are undocked from one another.

Mir's demise is being taken as a sign of Russia's declining fortunes in space.

"The end of Mir will mark the end of Russia's world leadership in orbital space exploration," said Yuri Semyonov, president of RKK Energia. "Henceforth, Russia will only be able to perform supporting roles in space."

Mir is the world's only orbiting manned space station. With 12 years aloft, it has long surpassed its original life expectancy of five years. More than 100 cosmonauts in 25 crews have served on it.

Last year, a collision with a supply vehicle poked holes in Mir and almost forced abandonment of the ship. Repeated failures of its computer memory several times sent the craft spinning out of control in orbit without power. Cosmonauts currently on board are trying to repair solar panels to ensure proper flows of energy harnessed from the sun's rays.

#### BRIEFLY

### Spanish Basque Guerrillas See Model in Ulster Accord

BILBAO, Spain — The guerrilla group ETA said Wednesday that the Northern Ireland peace accords could provide lessons on how to end decades of violence in Spain's Basque country.

In a communiqué published in the Basque separatist newspaper Egin, the guerrillas group expressed "complete respect" for the Irish peace agreement reached on April 10 in Belfast and said it was "ready to learn from it."

"The most important lesson is that it produces an overall solution and that the solution it achieves responds to all the complicated aspects of the conflict," the statement said. (Reuters)

### Turkish Cypriots Demand Recognition Before Talks

NICOSIA — The Turkish Cypriot leader, Rauf Denktaş, wants recognition of his breakaway state in northern Cyprus before settlement talks resume on the divided island, he was quoted on Wednesday as saying.

Mr. Denktaş told the newspaper Cyprus Mail that recognition was the only way he would go back to the negotiating table with the Greek Cypriots.

"All we said is: Recognize and acknowledge that Greek Cypriots are not the government of Turkish Cypriots, that Turkish Cypriots have their own administration, their own government and their own state and the talks shall be between these two," he said. (Reuters)

### Hospital and Mail Services Cut in Danish General Strike

COPENHAGEN — Some hospitals cut back to emergencies-only service and mail delivery was scaled down Wednesday in the third day of a nationwide general strike.

Unions and employers agreed to meet late Wednesday, but it was unclear if the agreement indicated the sides were moving closer together in the dispute that has idled an estimated 550,000 workers, about one of every 10 people in the country.

Half a dozen hospitals outside Copenhagen announced they would handle only emergency cases because their cleaning employees were on strike. The post office said service to the countryside would be reduced to every other day in order to save gasoline. (AP)

### French Police Seize Weapons In Raid on Arms Traffickers

PARIS — French police have smashed an arms trafficking ring and seized about a hundred weapons in a series of raids in Paris, the Alsace region and the Mediterranean island of Corsica, police sources said Wednesday.

A total of 46 people were taken into custody for questioning following the coordinated police sweeps, and the sources said that four or five of them would be brought before a judge. (Reuters)



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## INTERNATIONAL

# UN Inspectors' Findings Contradict Iraqi Claims

Discovery of Mustard Gas in Artillery Shells Raises Queries About Those Unaccounted For

By Barbara Crossette  
New York Times Service

UNITED NATIONS, New York — The chief UN arms inspector's announcement that experts had discovered active mustard gas last month in artillery shells found at an Iraqi ammunition depot in 1996 raised new questions about more than 500 to 700 similar shells that are still unaccounted for in Iraq.

The inspector, Richard Butler, said at a news conference Tuesday that the case illustrated the recurrent problems encountered by his UN Special Commission since it was charged in 1991 with eliminating Iraq's prohibited weapons and the means to make them.

Mustard gas is a chemical agent that blisters the skin and lungs, burns the eyes and can cause cancers in the mouth, throat and respiratory tract. Commission officials said they had long suspected that the 155-millimeter shells that Iraq was known to have and that remain unaccounted for were likely to have been filled with mustard gas, which is kept in storage as a viscous liquid.

Earlier this month, a Russian chemical-weapons expert on the commission, Igor Mitrokhin, went to Iraq to try to learn more about the shells and hundreds of unaccounted-for canisters, bombs and rockets thought to have been designed to deliver chemical and biological weapons.

Mr. Butler refused to give details of Mr. Mitrokhin's findings, or of the continuing investigation into the shells with the still-active gas. Another commission official said the shells had been sealed at an undisclosed location while a decision was being made on how to destroy them.

At least four of the 155-millimeter shells, with imported casings, were found in 1996 at an ammunition depot in central Iraq and were cataloged. The shells were not tested until March of this year, in the face of Iraqi opposition, after Iraq argued that they were no longer active and that more fieldwork in this area would be pointless.

The Iraqi foreign minister, Mohammed Said Sahhaf, said earlier Tuesday that Iraq destroyed all its prohibited weapons in 1991.

But Mr. Butler gave his own account. "We went to a place where there was a mixed bag of munitions, and we found

some that had mustard in them," he said. "Now this raised the question of how many other such shells there are, or rockets, or bombs."

"This drives us back to their statement of disclosure, which itself has some discrepancies in it, which they themselves then changed," Mr. Butler said of the Iraqis' accounting of their munitions. "One of their claims was that even if shells like this did exist, they would be useless because the weapons agent inside would be so old that it would have polymerized — it would have hardened and been useless."

He added: "That's why we drilled holes in a couple of them to see if that were true. And it turned out to be very untrue. We have discovered an amount of chemical munitions — I can't tell you the exact amount because we have yet to bring it to account — with perfectly good chemical warfare agent within them. We tested them, and the mustard was 97 percent pure."

Mr. Butler said Iraq could not expect to have sanctions lifted by declaring itself free of weapons and then withholding full evidence to back its declarations.

"It's against the rules to believe it just because you say it," he said. "You have to give us the material to support your claim. That's where they are failing."

## A Shrug at Renewed Sanctions

Iraq put a brave face Wednesday on the UN Security Council's renewal of trade sanctions, saying the decision to review the embargo in 60 days was positive. The Associated Press reported from Baghdad.

"The issue is still under discussion and it is premature now to say what will happen next," said the Iraqi culture and information minister, Humam Abdul Khaleq Abdul Ghafur.

The state-run newspaper Al Iraq took the same line, writing that the issue had not ended and that the Security Council "will continue its deliberations and will review sanctions every 60 days."

In a related development, President Saddam and his top officials decided at a meeting Wednesday to defer action on the renewal of sanctions, the official Iraqi press agency, INA, reported.

It said Mr. Saddam had decided to wait for Foreign Minister Sahhaf's report on the deliberations by the council.



Guy Smith, a member of a delegation from AmeriCares, an American relief group that delivered more than 35 tons of medicines and food supplies to Iraq, defending his group's efforts in Baghdad on Wednesday.

# U.S. Ponders Reduction of Forces in Gulf

By Bradley Graham  
and John F. Harris  
Washington Post Service

WASHINGTON — Senior administration officials have begun considering whether to reduce U.S. military forces in the Gulf, but remain undecided as they weigh conflicting concerns about keeping pressure on Iraq while relieving strain on Pentagon operations and budgets.

The Pentagon's chief spokesman, Kenneth Bacon, said Tuesday that President Bill Clinton was expected to make a decision on the size of the U.S. troop presence within "the next couple of weeks."

Other officials said that the subject had been taken up by the president's national security team at meetings last week and Tuesday, with no resolution.

U.S. forces in the Gulf have remained at peak levels of about 36,000 troops since February, when Iraq averted the threat of American air strikes and renewed a commitment to unrestricted access by United Nations weapons inspectors.

Although Iraq has made good on its promise to let inspectors into presiden-

tial sites previously closed to them, UN authorities continue to fault Baghdad for failing to provide sufficient information about its weapons-production efforts.

The UN Security Council decided Monday to leave sanctions in place against Iraq based on a report from UN arms inspectors that it still had not complied with resolutions after the 1991 Gulf War that required the scrapping of all its nuclear, biological and chemical weapons programs. Under such circumstances, U.S. officials worry that a troop withdrawal now might be interpreted as a sign of flagging concern by the United States.

An administration official close to White House deliberations said senior policy-making officials were wary of shrinking the Gulf force within the next several weeks. Mr. Clinton and senior national security aides want more time to gauge President Saddam Hussein's reaction to the recently completed sanctions review.

"It's not a great time to do it," the official said.

But Mr. Bacon noted that conditions to the Gulf had become "somewhat less threatening than they were several months ago," when the United States rushed extra forces to the region in anticipation of a showdown over the weapons inspections.

"So the language is less bellicose, less threatening," he said, adding that Mr. Saddam had been more receptive to UN Special Commission inspectors.

The Gulf buildup has stretched U.S. national security commitments elsewhere and confronted the Defense Department with extra costs, estimated at \$1.36 billion through September, when the fiscal year ends.

The surge in forces has involved nearly 400 combat aircraft, 29 ships and roughly double the number of sailors, soldiers, Marines and airmen that the

United States had been maintaining in the region. It has created gaps, most notably in the absence of aircraft carriers and other military assets in two critical foreign theaters — the western Pacific and the Mediterranean.

Defense officials said General Anthony Zinni, the four-star Marine Corps officer who oversees U.S. forces in the Gulf, briefed Defense Secretary William Cohen and the military service chiefs about two weeks ago on options for reducing the U.S. military presence.

"The big piece is what to do about the carriers there — whether to go from two to one," said a military source familiar with the briefing. General Zinni's options also include cuts in land-based aircraft and ground troops.

But even the most sizable reduction on General Zinni's list, the source said, would leave a force in the Gulf considerably greater than what existed before the rise in tensions with Iraq last autumn. Mr. Bacon stressed that any cut in forces could be quickly reversed should Iraqi actions present a new threat.

The administration's discussions over force size have been part of a broader high-level review of Iraq strategy, officials said. The thrust of the conversations has concerned how to de-escalate the crisis and reduce expectations that any violation by Iraq of the inspections regime must be met by the threat of military force — an approach not favored by most U.S. allies, especially in the Arab world.

The gradually emerging strategy would instead emphasize containment — the threat of disproportionate force if Iraq uses weapons of mass destruction — coupled with public warnings to Iraq that sanctions will never be lifted until it demonstrates sustained compliance with weapons inspectors, officials said.

# Arafat Says He Approves U.S. Plan for West Bank

Compiled by Our Staff From Dispatches

JERUSALEM — Yasser Arafat, the Palestinian leader, stepped up the pressure on Israel on Wednesday by accepting a compromise American proposal for West Bank troop withdrawals that Prime Minister Benjamin Netanyahu of Israel has rejected.

Mr. Arafat announced that he agreed to a U.S. proposal that Israel withdraw from 13 percent of the West Bank, saying his decision represented a major compromise for the Palestinians, who had expected to receive 40 percent of the occupied territories at this stage of the peace process.

"We have accepted this, working from a positive position," Mr. Arafat said at a news conference in Gaza with the Egyptian foreign minister, Amr Moussa.

Mr. Netanyahu has insisted that he cannot hand over that much land, citing security concerns. In recent days, Mr. Netanyahu has become increasingly defiant, saying he would not "capitulate" to U.S. pressure.

This hardening of positions makes it unlikely that the U.S. secretary of state, Madeleine Albright, will make progress when she holds talks with Mr. Arafat and Mr. Netanyahu in London on Monday.

The Israeli newspaper Ma'ariv speculated Wednesday that the United States might cancel the London talks if Dennis Ross, the U.S. Middle East envoy, failed to narrow the gaps by then. Mr. Ross has been in Israel since Saturday and has met five times with Mr. Netanyahu.

The Israeli prime minister remained defiant Wednesday. "All those who want the talks in London to succeed have to make concessions, not just Israel," Mr. Netanyahu told Israeli radio.

A senior Israeli official all but ruled out any chance of a breakthrough to London.

A senior Palestinian official, however, said the United States faced a "final test" of its role as sponsor of the Middle East peace process at the London talks.

"We believe the meeting is significant although we don't want to raise any expectations," said Hanan Ashrawi, the Palestinian Education Minister, at a news conference in Washington. "It is really the final test for the American role in the peace process."

If the United States fails to win concessions from Mr. Netanyahu, there will be a "serious reassessment" to the Arab world of Washington's role as the sponsor of the peace process, she said.

Washington has avoided making public its plan to break the deadlock in the peace process, which has endured for over a year. Such a move would be seen as putting overt pressure on Israel — a tactic strongly opposed by the powerful pro-Israel lobby in the United States.

But Mr. Arafat confirmed that Washington was calling for a return of 13 percent of the West Bank.

"Under the agreement," Mr. Arafat said, "the redeployment was supposed to be from 40 percent of the West Bank. Then it was lowered to 30 percent, then to 13 percent. We have accepted this."

(APR/AP)

## BRIEFLY

### Mandela Promotes General Falsely Accused of Plotting

PRETORIA — President Nelson Mandela named Lieutenant General Siphiwe Nyanda, who was falsely accused in February of plotting his overthrow, as the first black head of South Africa's armed forces.

The appointment on Wednesday marked a key step in the transformation of the military, which began four years ago with the integration of 30,000 black former guerrillas into the army, navy, air force and security services.

The chief government spokesman, Joel Netshitenzhe, said that a cabinet meeting in Pretoria had endorsed Mr. Nyanda's appointment and that he would take over as head of the South African National Defense Force on June 1.

The 48-year-old General Nyanda, a hero of the armed struggle against apartheid, takes over from General Georg Meiring, who announced his resignation this month after he was reprimanded for presenting a fake coup report to Mr. Mandela. The report alleged that General Nyanda and other black commanders as well as politicians were involved in a plot to overthrow Mr. Mandela. (Reuters)

### Clemency Asked in Nigeria

LAGOS — Nigeria's generals faced a number of pleas for restraint Wednesday after six men were sentenced to death for plotting to overthrow the military ruler, General Sani Abacha.

Britain and the Commonwealth issued separate appeals for respect for the rights of General Abacha's former deputy, Lieutenant General Oladipo Diya, and the five others. South Africa called on Nigeria not to execute the convicted plotters.

Nigeria's main opposition group, United Action for Democracy, called the secret military tribunal that issued the death sentences Tuesday a sham and told Nigerians to join a protest Friday.

General Abacha's ruling military council must ratify the sentences before they can be carried out. Execution for plotting a coup is by firing squad. (Reuters)

### Colombia Assails U.S. General

BOGOTA — President Ernesto Samper has accused a top U.S. military officer of meddling in Colombia's internal affairs for suggesting that the army may be incapable of defeating increasingly powerful rebels.

"We do not accept any type of judgment from a foreign official about the competency, the attitude or the difficulties facing the armed forces of Colombia," Mr. Samper said Tuesday. "We do not accept any type of assessment, and we consider them an act of intervention in Colombia's internal affairs."

Mr. Samper was referring to recent statements by General Charles Wilhelm, head of the U.S. Southern Command, which is based in Miami. He said recent rebel attacks and kidnappings were alarming signs of the growing strength of Colombia's insurgency. (Reuters)

### Guatemala Hails Slain Bishop

GUATEMALA CITY — Thousands of people marched in silence to bid farewell to a Roman Catholic bishop and human rights advocate, Juan Gerardi Conedera, 75, and denounce his murder.

Dressed in black and bearing candles, the marchers displayed banners proclaiming "Guatemala, Never Again" — the title of Bishop Gerardi's report on the atrocities of Guatemala's civil war from 1960 to 1996. The report was issued two days before he was killed Sunday.

He was killed in the parking lot of a church, beaten to death with a blunt instrument. (APR)

# Israeli War Widow's 'Chain' of Grief

Aviator's Survivor Still Mourns, but She Also Backs Accommodation

By Joel Greenberg  
New York Times Service

JERUSALEM — Nella Cassouto remembers that her husband's grave was dug in a third row of tombstones in a section of the Israeli military cemetery in the city of Haifa. Now, she says, the ranks of the fallen stretch far beyond it, as far as the eye can see.

She was originally named Emmanuela, after an uncle killed in Haifa in 1947 when Arabs attacked Jewish workers at the local oil refineries.

In 1971, her husband, an air force pilot, was killed by an Egyptian missile fired at his plane over the Sinai Peninsula.

"It's a long chain, and everyone's afflicted by it," she said of the more than 18,000 Israelis killed in the wars that have punctuated Israel's first 50 years. In a country of 5.9 million, hardly a family has not been touched by loss.

On Tuesday night, a piercing siren wailed across Israel and traffic came to a halt at the start of Remembrance Day for the war dead.

On Wednesday, the wail of sirens again brought Israel to a halt, in tribute to the men and women who have given their lives for Israel since 1948. Traffic stopped, motorists stood by their cars and pedestrians froze in their tracks, many with heads bowed, for two minutes starting at 11 A.M.

Observed annually, the 24-hour commemoration seems to weigh heavier this year, as Israel marks the 50th anniversary of its birth.

"A great miracle and a tremendous sacrifice have brought us to this day, the jubilee of Israel's independence in the Land of Israel," Defense Minister Yitzhak Mordechai wrote in a letter Tuesday to the bereaved families.

"Grief and pain are stamped on the tremendous achievements of the State of Israel."

Now 50 years old herself, Miss Cassouto carries the grief. In some ways, her path reflects that of her country, moving from war to the tentative beginnings of reconciliation.

Nella Cassouto met Major Effi Magen, the pilot who would become her

husband, at a party at an air force base in 1966. She was also in the service, and he was nearly 10 years her senior.

"He motioned me to come over and said: 'Pretty girl, I want to marry you,' she recalled. "I said, 'You're old,' and he replied, 'We'll see.' We saw."

They were married a few months after the 1967 Arab-Israeli war. She was 19, he 28. Looking at the wedding pictures this week, Miss Cassouto noted that many of the airmen in the photographs were no longer alive.

On the morning of Sept. 17, 1971, Major Magen left home early for a reconnaissance mission over Israeli-held Sinai near the Suez Canal. A two-year artillery and air war had raged there between Egyptian and Israeli forces, and there were still intermittent hostilities. A few days earlier, the Israelis had shot down an Egyptian plane. In response, the Egyptians downed Major Magen's aircraft, killing all but one crew member.

Waiting at home on the eve of the Rosh Hashana, Miss Cassouto heard a knock at the door and opened it to discover her husband's base commander and other officers standing outside.

"They looked at the children and began saying that there was an accident, that they didn't have details, that they don't know if anyone was saved," she said. "They stayed for two or three hours. They played with one of the kids; they didn't quite know what to do."

A gunfire salute at her husband's funeral was devastating. "When they fired I felt faint to the ground," she said. "The finality of it hit home — that a circle just beginning had closed."

The next years were devoted to bringing up her two children, along with part-time work and university studies. In 1973, when another Arab-Israeli war erupted, Miss Cassouto found herself apathetic, taking little interest in the casualties and refusing to take cover in a bomb shelter.

"I had the feeling that I didn't care if I died, because my life was over anyway," she said.

"I felt a crisis of confidence, a fracture of the soul," Miss Cassouto said,

adding, "People remarry, have children, travel the world, but there's a black thread trailing through your life that you can't forget, a pall of sadness that stays with you."

Miss Cassouto married again and had another child, but the marriage eventually collapsed. She began a career as an art curator, finding herself increasingly drawn to themes of memory and bereavement. On a visit to Poland, she photographed Jewish cemeteries. She set up a museum exhibit on the Jewish memory of death in the Holocaust and in Israel's wars.

But her thinking about the conflict gradually shifted to a desire for reconciliation with the Arabs, away from the culture of sacrifice that has inspired generations of Israelis. Her feelings are especially keen when it comes to her sons, one of whom is in the army.

"If something would have happened to them, I wouldn't have been able to think that this was for the good of the country," she said. "No good of the country requires death. The good of the country requires peace."

In the years since the victory of 1967, Miss Cassouto asserts, Israel has fought wars that could have been averted with wiser leadership, a failure that she believes also characterizes the policies of Prime Minister Benjamin Netanyahu.

"Since Netanyahu took office, hope has been lost, and in the meantime lives are being wasted," she said. "We can ensure our existence in other ways. They can't send us back to Germany or throw us into the sea anymore. This country will exist forever, and it can survive without the West Bank. Now there is surely no justification for such sacrifices."

In recent months, Miss Cassouto has worked with both Israeli and Palestinian photographers on a joint exhibit that is scheduled to open in June in the United States, at the Tennessee State Museum in Nashville.

"It was important for me to create an exhibit that shows the whole country and the people living in it, including the Palestinians, who are part of us," she said.

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Ecologists Say Seep Into Spain Government Sees No Danger

An Academic Sarcas President's Plan to Reopen the Russian Senate

Cable Venture Aims to Offer Quality Programs for Children



INTERNATIONAL

## Ecologists Say Poisons Seep Into Spanish Park

Government Sees No Danger to Reserve

Compiled by Our Staff From Dispatches  
SEVILLE — Experts said Wednesday that toxic waste had begun seeping into Europe's largest nature reserve despite Spanish government assurances the park had been saved from ecological disaster.

Environmentalists said poisons from a toxic spill that devastated marshlands surrounding Doñana National Park were now draining into the underground water channel that serves the vast nature paradise in southern Spain.

Volunteers in protective masks fanned out to clear away hundreds of dead fish and birds that littered the 30-kilometer (20-mile) path taken by the toxic flow after it poured from a ruptured mine reservoir on Saturday.

Park rangers fired guns on the fringes of the wetlands to prevent birds from feeding in the contaminated areas.

About 2,000 farmers living in one of Spain's poorest regions were left struggling to cope with one of the country's worst ecological disasters.

An estimated 5 million cubic meters (176 million cubic feet) of metallic waste burst Saturday from the Apinsa Mine reservoir in Aznalcollar, 400 kilometers southwest of Madrid and only 20 kilometers north of the park.

Environmentalists said it could take decades for the region's ecosystem to recover.

"We must take measures to minimize the consequences of this unthinkable

accident," said Anders Bulow, president of the Canadian-Swedish company Boliden Ltd., which owns the mine near Seville.

Mr. Bulow said the company was "embarrassed" about its role in the disaster but maintained that it had taken every precaution to prevent it.

He said the immediate cause of the breach was apparently a "sliding layer of earth" about 6 to 8 meters (20 to 25 feet) below the dike but it was not known what triggered the movement.

Environment Minister Isabel Tocino has insisted that although she expected enormous ecological and agricultural damage in the surrounding area, the park was saved by blocking the flow of water.

Makeshift dikes diverted the acidic and toxic mix, residues of cadmium, zinc, iron and other metals, away from the park, one of Europe's most prized nature reserves, and toward the Guadalquivir River, which flows into the Atlantic Ocean about 95 kilometers south.

But environmentalists contend that the reserve was now at risk of a "slow death" from the accumulation of toxins in surrounding areas that serve as feeding grounds for millions of birds and other wildlife.

"Unfortunately, birds have no idea where the park's borders begin and end," a Greenpeace spokesman said.

The director of the park's scientific research center appealed for help from



Anders Bulow, Swedish mining executive, at a Spanish press conference.

world specialists. "We, the scientists, have the challenge now to recuperate lost lands, and for that we need all the resources available, in Spain or outside Spain," said Miguel Ferrer, a biologist.

Mr. Ferrer said an urgent meeting was needed of specialists who deal with polluted environments to analyze the contaminated areas surrounding the park and to apply the latest recuperation technology.

The president of the Royal Academy of Exact, Physical and Natural Sciences, Angel Martin Munio, said damage to the region could be everlasting. "The repercussion of this spill will be for eternity over thousands of hectares," he said.

The country's largest farmers' group said the spill caused \$79 million in crop losses and could leave almost 5,300 hectares (13,000 acres) of land barren for 25 years. (Reuters, AP)

## Kohl Parties Are Warned Against Rightist Strategy

Extremists 'Can't Be Overtaken,' Partner Says

Compiled by Our Staff From Dispatches  
BONN — Part of Chancellor Helmut Kohl's own center-right coalition warned Wednesday against moving more to the right to keep extremist parties from winning seats in September's parliamentary election.

Sources in the Christian Social Union, the Bavarian sister party to Mr. Kohl's Christian Democratic Union, said a joint election strategy being drawn up would call on the parties to stress rightist issues such as crime and cracking down on immigrants working in Germany illegally.

The leading parties hope in that way to keep voters this fall from backing extreme-rightist groups like the German People's Union, which shocked Germany's political establishment by taking 13 percent of the vote in a state election last weekend.

But the junior partner in Mr. Kohl's coalition government, the Free Democratic Party, warned that extreme-right groups "can't be overtaken."

The Free Democrats' parliamentary leader, Hermann Otto Solms, said anyone attempting to win over extreme-right voters with rightist slogans should not be surprised if they achieve the exact opposite and end up strengthening the extreme-right parties.

The chairman of the Central Council of Jews in Germany, Ignatz Bubis, also warned against turning foreigners into a campaign issue, saying it would make the far right "respectable."

German opposition parties, meanwhile, called Wednesday for "zero tolerance" of ultrarightist crime.

The Greens' immigration spokesman, Cem Ozdemir, and the Social Democrats' legal affairs spokeswoman, Herta and Pauline Gmelin, called for tough measures to combat far-right crime and also warned other parties in Parliament against a shift to the right.

"For people who make the Hitler salute or collect Nazi memorabilia, we know only too well what it can lead to in this country," Mr. Ozdemir said.

"We want zero tolerance towards ultraright crime," he said.

Mr. Ozdemir also criticized the Christian Social Union's call for a return to traditional rightist values.

"I appeal to my parliamentary colleagues to stand firm and not to make concessions," he said.

Mr. Ozdemir, the only deputy of Turkish origin in the lower house of Parliament, proposed creating a central office to document crimes of the extreme right to help investigators.

He also called for swifter prosecution of rightist criminals and said teachers and youth workers should be urged to address the problem more effectively.

"A democratic society must protect minorities, whether they are foreigners, gays or lesbians," he said.

"Victims need more protection. Sometimes we are more concerned about the perpetrators."

(AP, Reuters)

## An Academic Savior

Passionate Philanthropist Rides To the Rescue of Russian Studies

By Carey Goldberg  
New York Times Service

BOSTON — Fresh out of Wellesley College back in 1928, Kathryn Wasserman Davis rode on horseback deep into the Caucasus mountains in search of adventure and an obscure Muslim tribe, subsisted on berries and goats, almost starved, and conceived a lifelong passion for things Soviet and Russian.

Today, at 91, Mrs. Davis is riding to the rescue of Russian studies in America, becoming what experts believe is the largest private donor to programs that, with the end of the Cold War, can no longer count on easy money from the government and foundations.

When Harvard University's former Russian Research Center celebrates its 50th birthday this week, it will do so as the Kathryn W. and Shelby Cullom Davis Center for Russian Studies, reflecting the \$10 million Mrs. Davis pledged to the center in 1996, to be awarded upon her death.

Wellesley College plans to announce Mrs. Davis's latest gift: \$11 million to the school to support international student exchanges, faculty and student research and internships with an emphasis on the former Soviet Union and Eastern Europe.

"Some people think Russian studies aren't important anymore — don't ask me why!" Mrs. Davis said. "The more people know about each other, the better, and this is what I'm hoping will happen," she said. "And hopefully, that will lead to world peace, which is my main goal."

Private support for Russian studies has a long history, said the Harvard center's director, Timothy Colton. A postwar grant from the Carnegie Foundation established the center, he noted, and in 1982, the Harriman family gave \$11.5 million to the W. Averell Harriman Institute for Advanced Study of the Soviet Union at Columbia University. Stanford University's Center for Russian and East European Studies had hearty support from Donald Kendall, the former chairman of PepsiCo, officials there say.

As the Cold War intensified, Russian scholars admit, they received plump grants authorized by Congress to help the United States learn more about one of its enemies.

But since the Soviet Union collapsed and a new Russia took its place as a quasi-friendly, quasi-superpower, that financing has begun to dry up and the field has been undergoing a painful downsizing that Mr. Colton said he preferred to call "a course correction."

A few Russian studies programs at colleges have closed; many seem to be running on a shoestring as they struggle to adjust. Last month, for example, the dean of George Mason University's College of Arts and Sciences proposed eliminating its degree program in Russian studies.

In Congress, said Mark Von Hagen, director of the Harriman Center, some lawmakers use "the ignorance argument: that we won the Cold War and they lost, and so we don't need to know anything about them anymore."

That is a mistake that has been made before, said Marshall Goldman, who holds the Kathryn W. Davis professorship of Slavic Studies at Wellesley — a chair whose endowment was a birthday gift from Shelby Cullom Davis to Kathryn, his wife. Mr. Davis died in 1994. "You'd never say China is just like everywhere else," Mr. Goldman said. "You'd never question the fact that we must keep studying China. And yet, because Russia is European, we say, 'Well, it's not that much different from what we'd expect in Germany.'"

Such attitudes, he said, led to gaps in American knowledge that caused problems as the Soviet Union began to explode with change and spin apart under the leadership of Mikhail Gorbachev.

"There has to be an enduring presence of specialists knowledgeable about Russia," he said, "and what Kathryn is doing is making it possible to have that enduring opportunity."

## Cable Venture Aims to Offer Quality Programs for Children

New York Times Service

NEW YORK — A U.S. cable network and the most acclaimed producer of educational programming have announced that they will team up to start the first all-educational cable channel for children, in a bid to capitalize on concerns about the poor quality of children's television.

Nickelodeon, a highly popular children's network, and Children's Television Workshop, the producer of "Sesame Street" and other acclaimed shows, said Tuesday that they had formed a joint venture to create the network, called Noggin. It will be commercial-free, at least initially, and is scheduled to start appearing in January.

How many cable operators will find room for Noggin in their already crowded systems is open to question, but Nickelodeon and the Children's Television Workshop hope that cable companies will be influenced by the current climate of dismay about the television programming that captures a large children's audience — from violent cartoons to trash-talk shows. Nickelodeon's president, Herb Scannell, said he was confident that cable operators would make room for the network eventually.

"Education is very important to Americans today," he said. "And we're bringing out something very dynamic and positive, as opposed to the broadcast industry, which is kind of in a resistance mode right now."

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## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## What Bubble?

The Dow's flight above the 9,000 mark and sudden retreat this week has triggered warnings of a "bubble economy" — the ominous notion that "markets have been swelled by speculative excess and that the first pinprick in investor confidence will explode them. The repeated reference has been to Japan, whose stock and real estate markets soared to dizzying heights, only to crash and drag the Japanese economy down to a crawl for most of the 1990s.

But the United States today is nothing like the Japan of eight years ago. Japan's banks were awash with corporate stock and debt secured by bloated real estate prices. Inept regulatory, monetary and fiscal policies strangled its economy. The American economy today is nearly a mirror opposite. Its vital signs, with one possible exception, are healthy.

Unemployment is at record-low levels. Inflation, properly measured, is near zero. Private debt and real estate markets are stable. Banks hold substantial reserves. None of this means that the economy cannot slip into recession. But a recession that might start now would reflect the ordinary ups and downs of a complex economy, and not the inevitable implosion following speculative excess.

The one possible exception to the ceaselessly good economic news is steadily rising stock prices. A 9,000-point Dow may or may not prove sustainable, and the Dow may or may not fall 20, 200 or 2,000 more points. A 2,000-point drop could prove traumatic for investors and cause many to cut back purchases.

But even a drop this large would bring stock prices down to levels that were deemed high as recently as a year ago. When stocks plummeted by the equivalent amount in 1987, the Fed kept the economy growing.

Cassandras point to tight labor markets as another trouble spot for the economy. But Mickey Levy, an economist at NationsBank Montgomery Securities, points out that low unemployment no longer poses a serious inflation threat. Even if wages start rising, the Fed's tight lid on monetary policy will prevent businesses from passing them along in higher prices.

Pollsters point out that employers are fearful that if they raise prices they will lose sales. Workers are fearful that if they ask for higher wages they will lose work. The only fearless ones appear to be the economists, who, try as they might, cannot seem to find a bubble worth worrying about.

—THE NEW YORK TIMES

## Think About Russia

The small but vociferous band of senators opposed to NATO expansion retreated on Tuesday to trying to sell a series of amendments that they hoped would delay enlargement or limit the financial costs to Washington. Only one, offered by Daniel Patrick Moynihan and John Warner, would put off this round of growth by making NATO membership for Poland, Hungary and the Czech Republic contingent on their gaining admission to the European Union.

While it was encouraging to see the Senate at last thoughtfully debating the merits of expansion, the significance of the moment seemed to escape many members. Pushing NATO eastward may, as its proponents argue, only reinforce democracy and unity in Europe. We will be pleased if that proves true. But with the Senate now moving toward approval, the consequences could be quite different. The military alliance that played such a crucial role in preserving peace in Europe through the hard decades of the Cold War could become the source of instability on that continent.

The reason enlargement could prove to be a mistake of historic proportions is best explained by comparing the decision before the Senate with the far different course that America chose at the end of World War II. America acted then not to isolate Germany and Japan, or to treat them as future threats, but rather to help make them demo-

cratic states. It was a generous and visionary policy that recognized that America's interests could be best secured by the advancement of its principles abroad and the embrace of its former enemies.

Now, in the aftermath of the Cold War, the United States is taking an entirely different approach to the loser of that conflict. Although it has offered financial assistance and friendship to Russia, the Clinton administration has made NATO expansion the centerpiece of its European policy. It is as if America had sent Japan and Germany a few billion dollars when the war ended while devoting most of its energy to strengthening a military alliance against those countries.

It is delusional to believe that NATO expansion is not at its core an act that Russia will regard as hostile. At the very moment when Russia is shedding its totalitarian history and moving toward democracy and free markets, the West is essentially saying it still intends to treat Moscow as a military threat.

The best way to defend Eastern Europe is not to erect a new barrier against Russian aggression but to bring democracy and prosperity to Russia so that it will not be aggressive. The genius of American policy toward Japan and Germany was that it looked to the future rather than the past. It is lamentable that Washington lacks the imagination and courage to do so again.

—THE NEW YORK TIMES

## Cures Bring Risks

Those who have trouble balancing one risk against another — in other words, nearly everybody — will find yet more grist for worry in the newest generation of medical studies.

The trend toward what is known as "evidence-based" medicine, which looks not just at the efficacy of a particular treatment — did it work? — but at the whole range of real-life effects on the patient, was visible in news of two studies of the possible negative effects of otherwise powerful and frequently lifesaving medical practices.

Early in April, as Washington Post health writer Rick Weiss reported, the Journal of the American Medical Association published a study saying that side effects from prescription drugs properly prescribed and properly taken cause more than 100,000 deaths and more than 2 million serious illnesses a year in the United States.

Extrapolated to the whole population, this would make adverse drug reactions the sixth-highest cause of death in America.

Then a study by a University of Washington researcher indicated that one-third of the women who go for breast cancer screening — a recommended measure that is documented to save lives by catching cancers early — come away with a "false positive" reading. Although this does not hurt the women's long-term health, it causes what the study's author called

"unaccounted emotional anguish" and unnecessary medical costs for biopsies and follow-up.

Do these studies mean that people should not make use of the array of lifesaving drugs and technologies that have made America's medical care the world's best? The trouble is, the studies do not mean that. Prescription drugs, no less than mammograms and breast exams, regularly perform what would once have been considered medical miracles.

But, as the head of Pharma, the national association representing pharmaceutical companies, noted in response to the AMA study, many of the newest drugs are very powerful. Add that to the complexity of human systems and the amount yet unknown about them, and powerful benefits logically mean powerful side effects.

For researchers and doctors, the lessons of such analysis are clear and constructive. They should ask more questions about side effects and their interaction, caution patients differently, and be more careful — perhaps — about stacking treatments atop one another. For patients, more of whom these days approach medical care with caution, the message is fuzzier. With powerful treatments, endlessly multiplying the amount of medication and treatment may eventually cause risks to mount as well.

—THE WASHINGTON POST

## Israel at 50 Needs Peace and Leaders to Reach It

By Jim Hoagland

WASHINGTON — Israel's 50th anniversary arrives at a propitious moment, one that should force the actors in this great historical saga to focus on the distances they have come and the distances they must still go to attain peace and justice, or even reasonable facsimiles, in the Holy Land.

The April 30 birthday of the modern Jewish state, the 5th of Iyar, 5708, on the Jewish calendar — should remind the Arabs of how far they still must go in accepting a nation that they expected to snuff out in 50 days. It should remind the world's diplomats, politicians and journalists not to see each new Middle East shuttle or round of meetings, like those scheduled for London next week, as the last word on anything or the occasion for self-righteous censoring of others.

And it should encourage Israelis to bring their recent past to bear on their present and future, to recall the hopes and vision of Ben-Gurion, Meir, Dayan and Rabin and then ask themselves if their political system is bringing forward the leadership they need to chart their path through the next 50 years.

That last formulation stacks the deck against Benjamin Netanyahu, in office only two years and not within hailing distance of those giants or of his own party's Menachem Begin. But it is a

standard and an examination that Israel's anniversary, and the political circumstances that surround it, mandates.

The once promising search for Israeli-Palestinian political accommodation stands deadlocked on the Jewish state's 50th anniversary, in large part because Mr. Netanyahu and his negotiating rival, Yasser Arafat, pursue tactics that are short-term and self-defeating when compared with the changes that the past half-century has brought for their people.

Prime Minister Netanyahu is not really haggling over each grain of sand on the West Bank in the convoluted disputes with Mr. Arafat and with Washington over whether the next Israeli withdrawal will cover 9 percent or 13.1 percent of occupied territory. He is itching out the profile he will use in a re-election campaign due to take place two years hence.

It is a profile of a leader who gives nothing away for nothing, who draws blood from the stone of diplomacy before begrudgingly taking steps that his predecessors rashly promised to take. Mr. Arafat's ducking and weaving of amending the Palestinian Charter

and on other provisions of the Oslo accords gives Mr. Netanyahu great running room.

The proposals that Washington wrings from the Israeli leader are in reality part of Mr. Netanyahu's bargaining over the composition of his next cabinet, the only negotiations that really count for him.

He deals with Mr. Arafat as a feckless transitional figure and sees the Palestinian Authority as a way station to a broken and fragmented enclave that the Palestinians can call a state but that will be physically controlled by Israel. His approach alters the land-for-peace equation, introducing a third dimension by requiring the Palestinians to pay abundantly in time for any concessions Israel makes in space.

Three years ago Israel was headed in a different direction under Yitzhak Rabin and Shimon Peres. They wanted an Israel at age 50 more interested in the world and the great economic changes sweeping it, and less interested in the West Bank.

But the assassin's bullet that cut down Mr. Rabin, and the four Palestinian terrorist bombs that shook Israel's confidence in Mr. Peres's commitment to their security in the winter of 1996, shifted the electorate's polit-

ical focus back home and to Mr. Netanyahu. That in turn led Arab intellectuals and most Arab governments to fall back into demonizing the Jews and their American backers, as they have done through most of their long, unsuccessful struggle to eliminate, isolate or marginalize Israel.

"Men love troubles they know," Fouad Ajami writes in his insightful new book "The Dream Palace of the Arabs," which shows in detail how his fellow Arabs were ready to fall back into the familiar patterns of rejecting Israel's complex history and reality.

Today's Middle East deadlock underscores the point made in a different way by the recent Northern Ireland settlement. The forces of modern technology, communication and commerce known collectively as globalization can remove the meaning of long-enduring local conflicts and bring them to a point where they can and should be settled.

But it still requires men and women of ability and large spirit to seize such opportunities and guide them to fruition. Israel's 50th anniversary is an appropriate moment to honor those on both sides who have done just that in the past half-century and to seek out those who will do so again.

The Washington Post

## A Great Achievement Despite an Antagonistic Neighborhood

By A. M. Rosenthal

NEW YORK — On Israel's 50th anniversary, friends can give the country certain gifts of importance. They can recognize its achievements and take joy from them. And they can accept without denial or flinching the fact that after a half-century Israel's neighbors still want it dead.

So far, Israel has not received many gifts from its crowd, journalists. Much of the magazine, newspaper and television coverage and assessment of Israel — not all, but too much — has ranged from delightedly doleful to dolefully despairing.

Israel's economic, societal and scientific successes have been mentioned. But not often it is pointed out that they were attained in the face of decades of hatred and attack from Arab nations and movements.

In fact, almost always Israel's problems are now being presented as if they were entirely self-inflicted. Arabs are

presented as if they were always simply reacting to Israeli refusal to accept their reasonable demands that the Jews just clear out of more territory because it does not really belong to them.

American public support for Israel declines and for Yasser Arafat rises. But American and European journalism is increasingly sympathetic to the Palestinians and unpleasant about Israel.

To each his own vision. To my eyes, and to those of the majority of Americans, Israel is one of history's soaring proclamations of mankind's worth to itself and its Creator.

These days it is not said much anymore, which is a pity, but Israel did indeed begin with nothing much more than hope and belief. And 50 years later it is indeed the Mideast's only democracy, a growing center of science, technology, art, music. I find emotion en-

tirely permissible about Israel's ability to maintain life and progress although its neighbors have imposed an absence of peace for a half-century.

But about dangers to Israeli survival, cool is best. And if we step back coolly we see the realities.

One is that Israel may work out agreement with Palestinians, if they want it enough to agree to conditions that will give Israel security of borders and the end of terrorism. The agreement would bring respite that could grow into a peace of some years.

But another reality is that agreement on Palestine would not bring permanent peace. Ask ourselves, would Mideast rulers, the worker-marchant "street" and religious and intellectual establishments accept an Israel forever growing in skills and strength — or would they, in their dreams and de-

sires, want Israel extinguished, and work toward the day? Run them through the mind: Syria, Libya, Egypt, Saudi Arabia, the Gulf sheikhdoms, Sudan, Algeria, Iraq, Iran.

The hatred against Israel that these countries receive, accept and pass on as heritage and religious obligation, would it vanish with an independent Palestine, or would it continue in them, and in Palestine, too?

If Iran and Iraq develop chemical, nuclear and biological weapons, will they strike against Israel? Would Arabs extend sympathy to Israel, or dance on rooftops and scream their passion to kill Jews?

Would the West take the risk of world war to rescue Israel? We know the answers. Permanent peace in the Mideast will not come until sufficient Muslim peoples replace dictatorship — fundamentalist, religious, military or terrorist — with democratic religious and political freedoms.

The New York Times

## NATO Enlargement: Build a Europe Whole and Free

By Madeleine K. Albright

The writer is U.S. secretary of state.

WASHINGTON — For the first time, we have a chance to break the old patterns of conflict and to extend to Europe's eastern half the same recipe that has made war inconceivable in its western half. We finally have a chance to build a Europe whole and free.

But we will not do that by making NATO the last institution in Europe to keep the Iron Curtain as its eastern frontier. We will not do that if Europe's premier security alliance excludes a whole group of qualified democracies simply because they were subjugated in the past. This is the central issue in the debate over NATO enlargement.

Poland, Hungary and the Czech Republic have met every possible requirement of membership. They are strong de-

mocracies with healthy economies. They have helped us resolve virtually every potential ethnic and territorial dispute in their region. Their soldiers have risked their lives in the Gulf War and in Bosnia. All three have offered to contribute forces if a military strike is necessary in Iraq.

As the final vote in the U.S. Senate nears, critics have argued that we have not debated the subject long enough. The most diplomatic response I can offer is that this is balderdash.

NATO decided to move ahead with enlargement four years ago. Since then, I and other members of the administration have heard scores of

speeches, attended dozens of conferences, read more than a thousand published articles, complied with several congressional resolutions urging us to move faster, and spoke at a dozen Senate hearings.

In the time we have taken to develop and debate this policy, the founders of NATO had not only created the alliance but also enlarged it once.

Let's be honest. The critics will never be satisfied. The time has come to decide.

The most fundamental argument the critics have put forward is that the admission of even a single new NATO ally from Central Europe will harm our relations with Russia.

My first response is to wonder why some people cannot discuss the future of Central Europe without immediately changing the subject to Russia.

Central Europe has more than 20 countries and 200 million people, with its own history, its own problems and its own contributions to make to our alliance. Most of these countries do not even border on Russia. But their security is and always has been vital to the future of Europe as a whole.

Critics who focus on Russia's opposition to enlargement are cynically assuming that Russia will always define its national interests in ways inimical to our own. They believe that Russia will always be threatened and humiliated by the desire of its former satellites to go their own way, that it will never get over the end of its empire. They think that Russia's neighbors must set aside their legitimate aspirations indefinitely so that the United States and Russia can get along.

These assumptions not only sell Russia short, they are also dangerous. If we want Russia to complete its transformation into a modern European power, the last thing we should do is to act as if Central Europe were still a Russian sphere of influence.

As for cooperation between the United States and Russia, I have a pretty good vantage point on that question as secretary of state, and I have not seen one scintilla of evidence to support the critics' fears. Russian leaders do not like NATO enlargement, but we have both chosen to cooperate on those issues where we agree, and they are many.

We have disagreements on matters like Iraq and Iran, but these have everything to do with the way Russia has traditionally pursued its interests in that part of the world, and nothing to do with an issue as distant as Hungarian membership in NATO.

We have continued to push ahead with arms control. Too, Russia is a year ahead of schedule in slicing apart weapons under START-1. We have agreed on the outlines of a START-3 treaty that would cut nuclear arsenals to 30 percent below their Cold War peaks. With the confirmation of Prime Minister Sergei Kiriyenko, START-2 ratification is back on track in the Duma.

The bottom line is this: We can continue to treat European politics as a zero-sum game, in which Russia must lose if Central Europe gains, and Central Europe must lose if Russia gains. We can stay allied with Europe's old democracies forever, but its new democracies never. Or we can realize that the Cold War is over and that Europe has changed fundamentally.

Saying "yes" to a larger NATO would be a good sign that we do understand.

The New York Times

## Revive the U.S.-Japan Alliance

By Ralph A. Cossa

TOKYO — Are relations between Japan and the United States in serious trouble? No, not yet. But until very recently the trends were going in the wrong direction. That is why Madeleine Albright went out of her way in Tokyo this week to sound upbeat about Japan.

Relations today have not approached the low experienced in the 1993-1995 period, when increasingly virulent trade disputes, the rape of an Okinawan schoolgirl by American servicemen, and President Bill Clinton's decision not to attend an Asia-Pacific meeting in Osaka raised serious questions about the long-term viability of the U.S.-Japanese alliance.

But the upward momentum achieved by corrective actions in 1996 and 1997 — the 1996 Clinton-Hashimoto joint declaration, the Special Action Committee on Okinawa and the 1997 Defense Guidelines Review — has stalled.

The centerpiece of the Okinawa plan (moving the air base at Futenma to an offshore facility) has been undercut by the Okinawa governor's refusal to approve the floating base plan.

The legislation to put in motion many of the procedures outlined in the defense guidelines has finally been submitted to the Diet. But politicians are preoccupied with Japan's ailing economy and financial system.

Japan's failure to follow through on defense initiatives has been cited as a contributing factor in the White House's decision to bypass Japan when

Mr. Clinton makes his historic journey to Beijing in June.

Both sides have squandered opportunities to demonstrate the value of cooperation between the world's two largest economies by their failure to deal jointly with the continuing Asian financial crisis. Instead we have had criticism of each side's actions by the other.

When Deputy Treasury Secretary Larry Summers made a swing through East Asia earlier this year, he was publicly critical of Japan's refusal to do its share in resolving the region's economic crisis.

Such criticisms from the United States and Japan's Asian neighbors continue today, despite the fact that Tokyo has made major financial contributions to help restore stability and growth in East Asia, even if it has not yet successfully stimulated its economy to help absorb exports from the region. Mr. Summers did not even visit Japan during his trip.

In March, former Ambassador to Japan Walter Mondale visited Indonesia to get President Suharto to stick to reforms laid out by the IMF, and Japan's Prime Minister Ryutaro Hashimoto paid similar visit to Jakarta soon afterward. Think how much more effective it would have been if they had gone together.

On the positive side, we are at least now hearing some U.S. praise for Mr. Hashimoto's latest efforts to stimulate Ja-

pan's economy, and Mrs. Albright had the wisdom to stop in Japan en route to Beijing.

But there is still no sense of a coordinated U.S.-Japanese plan of attack against the Asian crisis, and it remains to be seen if Mrs. Albright will speak of the key role of the U.S.-Japanese alliance in front of the audience that most needs to hear it — the Chinese.

What is required is some highly publicized planning meetings between Mr. Summers and his Japanese counterpart, Deputy Finance Minister for International Affairs Eisuke Sakakihara, followed by a joint trip to Indonesia and other countries of the region to underscore U.S.-Japanese economic cooperation.

In addition, U.S. Secretary of Defense William Cohen should visit Tokyo just before the Beijing summit, and Mrs. Albright should go to Tokyo from Beijing to debrief the Japanese allies on her meetings with Chinese officials.

This is, after all, the world's most important bilateral relationship, and Japan's economy is nearly seven times the size of China's. It is high time that both sides emphasized that their alliance is the base upon which the U.S.-Chinese relationship will be built.

The writer is executive director of the Pacific Forum CSIS in Honolulu, a nonprofit, foreign policy research institute. He contributed this comment to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: War's Virtues

ST. PETERSBURG — In the British-American Church, before prayers for the success of America in her contest with Spain, Pastor Alexander Francis said: "It is true that 'peace hath her victories no less renowned than war,' but she has also her disastrous defeats. Nations long in repose have grown effeminate, luxurious, debauched, have lost moral fibre and purpose; and war has restored masculine vigor of character, roused from the lethargy of self-content and thrown the nation upon God, the one source of individual and national strength."

## 1923: Nervous Reds

WARSAW — What is the explanation of the Bolsheviks' extraordinary nervousness? The answer is: Bolshevism has got a bad internal shake, like a house built on sand. There is an

additional danger, due to the belief that Lenin is really dead. Disputes are going on between leading Communists a propos of the Moscow Communist Conference, and are carried on openly in the newspapers. Moscow is now like Peking on the eve of the Boxer rebellion. The foreign missions are expecting chaos after Lenin's death.

## 1948: U.S. Arms Plan

WASHINGTON — The United States National Defense Department has agreed to urge Congress to pass some form of military lend-lease to Brussels pact nations and possibly also to Norway and Denmark. National defense officials said that, after Congressional approval, certain war material would be shipped from the United States and that remaining United States stocks in Europe, chiefly in Germany, would also be used for this purpose.

## Herald Tribune

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The Failures of  
And Contemporaries

There is a great art to be learned from the failures of our contemporaries.

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## OPINION/LETTERS

## The Failures of Capitalism And Contemporary Culture

By Edward Rothstein

NEW YORK — "Two Cheers for Capitalism" was the way Irving Kristol once heralded his measured acclaim for the marketplace and its freedoms. But when it comes to culture and the arts, the growing tendency is to give capitalism no more than one sarcastic cheer.

The indictment is considerable. Look at what the forces of the marketplace have wrought, say capitalism's critics.

In writing, style is often dumbed down; mass taste is pandering in. In the world of music, avatars of sophisticated styles go on the dole while second-rate pop acts sell out stadiums.

Every major cultural institution, from the Metropolitan Museum of

There is plenty of good art to be found, but the greatest seems much less substantial and certainly much more marginal than the greatest of past eras.

Art to the New York Public Library to Lincoln Center, would collapse immediately if it were at the mercy of market forces. That is, in fact, pretty much what happened when communism fell and state-supported cultural institutions became subject to the whims of the marketplace.

A handful of entertainment conglomerates have become the main suppliers of American cultural products, and even popular arts, it is argued, have suffered under their watch, with films dominated by spectacle and special effects, and television talk shows by fist-fights.

There is even an intellectual foundation for the dismay. The condemnation of capitalism's effect on culture was pioneered in mid-century Germany by the Frankfurt School of Marxist thinkers, who tended to see capitalism's pleasures as a mass drug, distracting the populace from more important matters.

And the sociologist Daniel Bell suggested in "The Cultural Contradictions of Capitalism" that capitalism and culture are almost doomed to lock horns.

Capitalism requires a rational polit-

ical order and a certain amount of discipline and restraint to plan for the future and ply its current wares. But a capitalist culture like the one that has developed in recent decades does not value the kind of patience and asceticism that sociologists like Max Weber associated with the origins of capitalism. Instead, capitalist culture values self-gratification and novelty. The result, Mr. Bell suggests, is a nihilistic culture commonly known as postmodern.

But is there any chance of at least one halfhearted cheer? One way to feel more sanguine about capitalism's influence is to be more welcoming to the variety that the marketplace produces.

This is an approach taken in a new book, "In Praise of Commercial Culture," by Tyler Cowen, an economist. He argues that capitalism and commerce, far from corrupting the arts, help them develop. Mr. Cowen calls himself a cultural optimist and says we are living in a fabulously creative and fertile epoch.

Indeed, he thinks that some of the misunderstandings about capitalism's negative impact come from cultural pessimists who see value mainly in the elite styles of the past and not in the plenty of today.

He loves all varieties of sights and sounds, praising the marketplace for providing access to the music of the Pygmies of Central Africa as well as to the compositions of Pierre Boulez. Well-developed markets, he argues, support diversity, encourage experimentation and allow for high and low culture to interact.

In fact, he suggests, the differences between popular entertainments and high artistic achievement are mainly matters of economics. High-cost artistic forms like film must find the largest audience, and low-cost forms like poetry can afford to seek more gourmet tastes. Capital-intensive arts are often popular; labor-intensive arts tend to be elite.

For a critic like me who is both a cultural pessimist and a lover of sights and sounds, this is a bit too sweeping, making art seem like just another medium of exchange in which fame and money trade hands.

Yes, art has flourished during periods of great economic growth, whether in Renaissance Florence or in 19th-century England. Surely capitalism does spur artistic innovation. But something other than capitalism is involved, and something other than



economics determines art's importance.

Handel wrote music for a paying audience. That does not mean, as the conductor Roger Norrington once suggested, that today he would be writing ad jingles.

The marketplace has always been a part of artistic creation. Rembrandt's studio manufactured works in the master's style; Dickens wrote novels for popular serialization; Brahms made an exceptionally comfortable living from publishers who sold his scores to avid amateurs. But that does not mean that the modern-day counterparts of Rembrandt, Dickens and Brahms are Andy Warhol, Judith Krantz and Andrew Lloyd Webber.

Something different has taken place in recent decades. The complaints may be similar, but the results are not. There is plenty of good work to be found, but the greatest seems so much less substantial and certainly much more marginal than the greatest of past eras.

In music, for instance, I may admire Elliott Carter's string quartets, but they will never become as important to our society or art as Beethoven's were to his. We are likely to treat them as favorite products of a small subculture.

This may have something to do with the ways in which, as Mr. Bell suggested, capitalism and culture interact.

Capitalism, after all, is not a utopian enterprise; it was not established to promote a particular view of human nature and its possibilities. It is, instead, a reflection of the fact that

human nature is desirous, that it yearns for things, places, people, possibilities.

Capitalism is a matter of trade. It allows some satisfaction of one's desire if one helps satisfy someone else's. Build a better mousetrap, and someday you can vacation in Tahiti.

But the cultural marketplace at one time had a different texture.

What creates culture is not just the satisfaction of desire but the actual creation of values that shape desire. That value has to come from outside the marketplace and, when it does, it creates a context for the market, adding worth to some achievements, denying it to others.

Constraints on desire were once commonly proffered by religion, artistic traditions or the disciplines of a craft. Art flourishes because of capitalism, but it has also flourished because of capitalism's limits, its restraints. It may be that one problem today is that this notion of constraint is thought of solely in legal and political terms, rather than being understood as one of the primary roles of culture itself.

Right now we are often not just multiculturalists but aculturists, not acknowledging any overarching series of beliefs, values or practices.

So the failures of capitalism may well be due to the failures of contemporary culture, rather than the other way around. Capitalism gives us the art we desire, but only culture — culture in its broadest sense — can help provide the art we deserve.

The New York Times

## An Admirable American Movie That the Gun Lobby Will Hate

By Tom Shales

WASHINGTON — It could be argued that any movie that upsets the National Rifle Association has to be a good movie. Whether that is true or not, "The Long Island Incident: The True Story of Carolyn McCarthy" is a good movie and, as it happens, it will give the NRA fits. Hooray!

In 1993, Carolyn McCarthy was a former nurse who lived on Long Island, New York, with her husband, Dennis, and her grown son,

## MEANWHILE

Kevin. She was soon to be thrust into the national spotlight by a tragedy. In the course of that, she found strength within herself that she never knew she had and used it to inspire others.

The television movie opens with Mrs. McCarthy living an evocatively normal life with her small family. It is November, and she and her husband are off on a skiing trip while Kevin continues working and commuting into Manhattan.

At about the same time, a disgruntled lunatic named Colin Ferguson was trying to buy a gun at a shop in New York. Told that New York state had a mandatory one-month waiting period, Mr. Ferguson first goes berserk and then boards a plane for Los Angeles, where the waiting period is only 15 days, so that he can arm himself with a 9mm semi-automatic handgun.

He returns to New York about the time the McCarthys return from their skiing trip. Fatefully enough, Dennis and Kevin board a 5:33 train in Manhattan one evening that is supposed to take them home but instead shatters their lives.

At home, Carolyn learns that her husband has died and that her son has been seriously wounded that he is not expected to live. She is fiercely determined that her son not die. During one incredibly moving scene, she falls asleep at the foot of her son's hospital bed and awakes briefly to see a vision of her late husband smiling encouragement.

Mrs. McCarthy fights two fights: to get her son well again and to convince Congress to pass legislation banning the kinds of guns that can kill many people in a short amount of time. In the script, the two struggles run parallel and intersect when Kevin rises from a wheelchair and forces himself to walk into the courtroom where Mr. Ferguson is being tried for murder.

Mr. Ferguson is an African-American who considers himself a victim of racism yet is himself bigoted against Asians. The movie gets into some very delicate areas. To counter the depiction of Mr. Ferguson, who is despicable and demonic in the extreme, there are positive portrayals of African-Americans in the film, most notably the physical therapist who helps Kevin on the difficult path to recovery — a recovery

that doctors predicted would never occur. One of the executive producers of the film is Barbara Streisand, who does not shrink from giving it a strong point of view. News footage of Bill Clinton is included showing him favoring the assault weapons ban.

The bill passes but then a new Congress comes in and Mrs. McCarthy bears that Republican Senator Bob Dole vows to have the bill repealed. Mr. Dole likes to romp around television now, in commercials and in cameos on sitcoms, playing the lovable old geezer. The film is a reminder that in his day he was one of the most vicious hardball players in Washington.

Eventually Mrs. McCarthy is entreated to run for Congress. Though she is a Republican, the Republicans are happy with their incumbent, the dull Daniel Frisa. So Mrs. McCarthy runs as a Democrat and fries Mr. Frisa in the election. You'll want to cheer.

"The Long Island Incident" is not subtle, but it is tough, strong and admirable — just like the woman whose story it tells.

The Washington Post

## Behind the Big Screen

THE MOVIE "Titanic" is an example of Hollywood at its best. But the film, like other Hollywood blockbusters, was successful not only on the basis of its intrinsic merits.

Two other things helped propel "Titanic" to success: the gigantic advertising and merchandising efforts of its producers, and the subtle protectionism of the U.S. film industry.

For more than a year before the film's release, anyone who read a movie magazine or the film pages of a daily newspaper knew all about it. We had news of the mounting cost of the production, information about special effects, confidences of the actor Leonardo DiCaprio. All this created interest in the movie.

Such a process does not work every time — "Waterworld" sank, after all — but it can help immensely in the case of a good film. In advertising "Titanic," the producers spent more money than any European producer could hope to spend on the production of a movie itself.

The second form of American clout concerns dubbing and subtitles. In Europe, American films are dubbed or subtitled, giving them wide exposure. In the United States you might occasionally find subtitled foreign films but never dubbed ones. Since the invention of the talkies, U.S. producers and distributors have insisted that American viewers would not watch a dubbed film. In this way Hollywood producers have largely succeeded in excluding foreign movies from American screens.

— Jacques Peres, a professor of American history at Paris VIII University, commenting in the International Herald Tribune

## LETTERS TO THE EDITOR

## Kosovo Intervention

Regarding "U.S. Regards Intervention in Kosovo as Possible" (April 28):

Reports of more active involvement by the United States and other NATO forces in the Kosovo crisis will no doubt come as welcome news to the secessionists in the Serbian province.

Every Kosovo Albanian who dreams of living in a Greater Albania is aware that independence is possible only with outside military assistance. Despite outnumbering local Serbs nine to one, and despite increased smuggling of arms and ammunition to the Kosovo Albanians, the balance of power still weighs heavily on the side of the state authorities — that is, until the United States and the North Atlantic Treaty Organization get involved.

The talk, emanating from unidentified spin doctors in Brussels, of no-fly rules and of strengthening the international presence around Kosovo will be interpreted, by both sides, as further evidence of support for the Albanian cause.

That NATO talks peace and prepares for war is not

surprising; what is surprising is the deafening silence on the methods employed by Albanian extremists to gain independence.

If NATO were truly committed to stability in the Balkans, it would not condone the use of violence by any ethnic group to redraw international borders. Furthermore, it would use its influence to shut down terrorist training camps and to halt the movements of armed infiltrators.

MARKO HEGEMONIS, London.

A split is emerging between the United States and its European allies on what should be done with the Kosovo conflict. While the Europeans and Russians favor negotiations, the United States seems to be moving in the direction of diplomatic confrontation and military action against Serbia.

Although it may be easier and emotionally more appealing for the United States to "resolve" the situation in Kosovo by military means, this would not bring about a tenable and just solution.

Rather, a complex and long process of negotiation will have to be begun. Although

the exact form of such negotiations is difficult to foresee, three well-established principles of international relations should be accepted by the United States:

1. Negotiations cannot take place under the threat of violence or terrorism, either Albanian, Serbian or American.  
2. Negotiations must take place in accordance with the normal principles of international law, central aspects of which concern the territorial integrity of sovereign states and the inviolability of borders.  
3. Under international law, a claim for autonomy or minority rights does not imply the right of secession. There is no legal right of secession from a sovereign state by any entity within it without the agreement of all the constitutional parts of that state, including the consent of at least a majority of the citizenry.

This third principle is central to world stability. The United States follows this principle when dealing with many situations analogous to the one in Kosovo: in Mexico's Chiapas province; in Canada's Quebec; in Turkey's Kurdish region; in Spain's

Basque country, and in the Tamil area of Sri Lanka.

OSKAR LINDSTROM, Stockholm.

## Racism in America

Regarding "It's Time for Americans to Stop Crying 'Racism'" (Opinion, April 28) by Laurence D. Cohen:

Mr. Cohen's article ended with the comment that "racism is a footnote in the American annual report."

In fact, anti-black racism plays a major role in the American criminal justice system. African-American men are overarrested and overincarcerated in comparison with whites committing the same crimes. Worse, in the area of the perpetual "war on drugs," some laws have specifically targeted the black community.

As in the days of Jim Crow, the American criminal justice system today is mainly oriented toward controlling the black underclass.

Racism is not a footnote in the American annual report; it is the bottom line on the moral accounting sheet.

EARL M. EVLETH, Paris.

## TOUGH JEWS

Fathers, Sons and Gangster Dreams

By Rich Cohen. Illustrated. 271 pages. \$25. Simon & Schuster.

Reviewed by Christopher Lehmann-Haupt

HALFWAY through "Tough Jews," his exuberant celebration of a certain breed of men, Rich Cohen writes, "Most people have never heard of Jewish gangsters. They do not believe they ever existed. The very idea of a Jewish gangster goes against basic stereotypes of Jews, stereotypes that explain the place of Jews in the world."

Even the few Jewish gangsters who are widely known are viewed through these stereotypes, he continues. "They are seen as number crunchers, financial geniuses who could have worked their craft as easily on Wall Street as on Hester Street."

But Cohen has heard of Jewish gangsters. He writes that he would like to have heard of them from his father, Herbie. But Herbie, while always happy to see him, would act with him entirely different from the way he was without him, when his language was reported to be "filled with obscenity" and memories of thugs. ("I sometimes wish I could talk to him before he sees me," the author writes.)

So he had to bear about them from the friends of his father who grew up together in the Bensonhurst section of Brooklyn, and modeled if not quite their action then their style on the generation of tough Jews that went before them. These friends were Sid and Asher and Larry, who was then known as Zeke the Creek the Mouthpiece and today is the radio and television interviewer Larry King.

And Cohen — himself a journalist, a contributing editor at Rolling Stone and the great-grandson of a man who owned

a diner where Jewish toughs hung out — knows well that the gangsters were not just lumbering crumblers and material for stand-up comics but violent men known as Louis Lepke, Gurrah Shapiro, Meyer Lansky, Greene Greenberg, Rick-Tock Tannenbaum, Little Farvel Cohen, Pep Strauss, Gangy Cohen, Pretty Levine, Abe (Kid Twist) Reles and Martin (Bugsy) Goldstein, among others.

Cohen writes about how these men shot, cut, stabbed, garroted, strangled, burned and buried alive. By doing so with efficiency, they helped make murder into a business. And, he concludes, under the leadership of Arnold Rothstein, one of their most brilliant members, they turned organized crime into a modern business.

At the very least, "Tough Jews" is a vivid narrative of the rise and fall of these men. It places familiar events in perspective and makes connections not always clear in previous accounts.

Tracing the careers of Kid Twist Reles and Bugsy Goldstein, two Brownsville thugs who gunned their way to the top of the Brooklyn underworld (the actor Edward G. Robinson is thought to have modeled his criminals on Goldstein), Cohen shows how Murder Incorporated came into being and how it fit into the bigger picture dominated by meo like Lepke, Lansky and Lucky Luciano.

"Tough Jews" brings familiar history back to life, like the murder of Dutch Schultz, the deal among Walter Winchell, J. Edgar Hoover and Albert Anastasia that led to Lepke's capture, trial and execution, and the mysterious fatal fall of Reles out the window of the Half Moon Hotel on Coney Island, where he was living while testifying in the prosecution of fellow criminals in 1941.

The book also summons up remem-

brances of candy stores and street corners past where young toughs once hung out. And Cohen seeks to dispel popular myths: that drugs were forbidden to the crime families (after all, he argues, Vito Genovese died in jail for narcotics dealing and Lansky seems to have gone through a period of heroin addiction); that Jews and Italians didn't like to mix (in fact, they cooperated, recognizing that their common interests transcended background and religion); and that Rothstein was responsible for fixing the 1919 World Series (a legend perpetrated by Fitzgerald in "The Great Gatsby," although Cohen egregiously misspells Meyer Wolfshiem, the name of the character based on Rothstein).

But more valuably, with "Tough Jews" Cohen explains the obsessions of people like himself who admire and celebrate and keep alive the memory of the Jewish gangsters. His story is really one of just three generations, he writes.

The gangster generation, that handful of early century Jews who tried to bust into the palace with a crowbar, my father's generation, dilettante sons who carried us over the threshold with hard work; my generation, cool-thinking suburbanites who wonder what it was like back on the outside.

Cohen writes that because the ghettoes melted away, Jews got out of crime, which was "a ladder they pulled up behind them, a one-way ticket this generation-only" shortcut to power. "But the gangsters created an example that was an antidote in the aftereffects of the Holocaust, the image of a Jew who fought back, which freed Cohen to choose NOT to be a bully, he reasons.

As Cohen concludes: "The story I am left with is therefore not so much one of facts as the noise those facts make passing through time. It is a story of shifting perspective, the way a group of Brooklyn thugs, each with his own rise and fall, fills a need in the lives of my father and his friends, and also in my life."

New York Times Service

## CROSSWORD

## ACROSS

- 1 "Hasta luego!"
- 2 Like Mozart's flute
- 3 Elin orge
- 4 Riffraff
- 5 College town near Bangor
- 6 Mock words of enlightenment
- 7 Prefers with lateral
- 8 Position
- 9 Summer job seeker, often
- 10 Don't ask about and asides
- 11 Lunchbox alternative
- 12 Trojan's sch.
- 13 Porkey's love
- 14 Blvd. crosses
- 15 Mary Todd's love
- 16 Shakespearean suffix
- 17 Big bang producer
- 18 It's dead, some say
- 19 Overly
- 20 Pearly plus one
- 21 Last of a series
- 22 Coal site
- 23 Gilligan's boat
- 24 Run through
- 25 Pedro might pan for it
- 26 Clock-setting std.
- 27 Erie
- 28 Lackawanna, a g. Abbr.
- 29 Today's response
- 30 Pubic's handout
- 31 Two-time U.S. Open winner
- 32 Added to a recording
- 33 "Hurray!"
- 34 Black-and-white treat
- 35 Vastness
- 36 Pro
- 37 Govt. watchdog
- 38 Hit plenty hard
- 39 Feminine org. since the 1850's
- 40 Dilan of "Wild Things"
- 41 Some shoes
- 42 Art school subj.
- 43 Gloria (leaser deology)
- 44 See 3-Down
- 45 Between ports
- 46 T'n Pan Alley product
- 47 Orange Bowl org.
- 48 Opposite of pro
- 49 Salon service
- 50 Jerk
- 51 Not out
- 52 Comment from Popeye, appropriately
- 53 Kind of pollution
- 54 Steps on a scale?
- 55 U-Haul unit
- 56 "So's" old man
- 57 Macrogametes
- 58 "Somersby" star
- 59 Rubbemark (vigilant)
- 60 Chinese exercises
- 61 W.W. II torpedo vessel
- 62 Kind of preview
- 63 Gull of Sidra locale
- 64 Bad and
- 65 — Minor
- 66 Some are indelible
- 67 Machu Picchu resident
- 68 Exactly
- 69 Whiz

## Solution to Puzzle of April 29

MUFFET PEAR DEJA  
AGRIIN OSSA EVES  
THE SHIPPING NEWS  
TSEASP AGAINST  
FORMED APE  
GLOAN DEAR OUAL  
CARTEL FROM NINE  
APASSAGETOTINDIA  
REL STAN SLEETS  
ELLA ELSE KARAT  
TEC EXISTS  
STETSON PAH TSS  
THREEMENINABOAT  
EARS EVER KOOKY  
MIST RATE ENQUE

## DOWN

- 1 Peter, for one
- 2 Ne plus ultra
- 3 With 11-Down, "On the Town" lyric, appropriately
- 4 Cannes
- 5 Confidantes
- 6 Leon's share
- 7 Emerson's "jealous mistress"
- 8 Frak out
- 9 Not learned
- 10 O'Neal/Strand comedy, appropriately
- 11 Peter, for one
- 12 Ne plus ultra
- 13 With 11-Down, "On the Town" lyric, appropriately
- 14 Cannes
- 15 Confidantes
- 16 Leon's share
- 17 Emerson's "jealous mistress"
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- 65 Confidantes
- 66 Leon's share
- 67 Emerson's "jealous mistress"
- 68 Frak out
- 69 Not learned
- 70 O'Neal/Strand comedy, appropriately

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## BRIDGE

By Alan Truscott

IT is hard to imagine circumstances in which a player is happier on finishing second in a national championship than he would have been if he had won, but it happened last month at the Spring Nationals in Reno, Nevada. George Rosenkranz of Mexico City was a runner-up in the Open Swiss Teams, which ended the tournament.

A Rosenkranz victory would have set a record for the highest ace, 81, for a national victory, but he was delighted by the result. The title went to his wife, Edith. She became the first woman winner of this title. Until 1990 it was the Men's Swiss Teams.

Rosenkranz solved a difficult single-suit problem on the diagrammed deal from the event. He reached four hearts and received a club lead. East took the ace, rightly fearing quick discards on dummy's spades, and returned the spade 10. This was a good play, guarding against a possible J x x in the West hand, but it made no difference.

Everything oozed hinged on the trump suit. At most other tables, the declarer cashed the ace and went down to defeat, losing three tricks to West. Rosenkranz did better. He overtook the spade jack with the queen and led the heart three from the dummy. He intended to finesse the nine, but naturally played the jack when the 10 appeared.

This lost to the king, and a spade was returned. He ruffed

in his hand, led the heart six, and played low from dummy when the two appeared.

When this won the trick it was an easy matter in cash the heart ace and lead winners. He would of course have played the ace if West had shown out on the second round, but that was most unlikely.

This play gained against a singleton 10 with East, but would have lost if West had that holding. All plays were due to win if the suit divided three-two, or if West held either a small singleton or a singleton king or queen. All plays would lose if East held a small singleton.

That leaves two combinations in which the Rosenkranz play gains. When East has a singleton king or queen, he will win the first trick, but

South will later run the six, much as he did with the actual combination, boding his losses to two tricks.

**NORTH**  
AKQ96  
A53  
CJ  
Q882

**EAST**  
1074  
10  
108843  
AJ105

**SOUTH (D)**  
J  
J8764  
AKQ2  
AK74

**East and West were vulnerable.**  
The bidding:  
East South West North  
Pass 10 Pass 10  
Pass 20 Pass 30  
Pass 3NT Pass 40  
Pass Pass Pass 40

West led the club eight.



## INTERNATIONAL

## Insurers, Too, Swoon Over Pill

Amid a Frenzy of Interest in the Impotence-Fighting Drug, Strict Limits Are Set on Reimbursement Policies for Viagra

New York Times Service

NEW YORK—Fearing huge payouts to millions of American men, several large insurers are adopting strict reimbursement policies for Viagra, Pfizer's new pill for impotence, requiring proof of a medical cause for the problem and setting limits on the number of pills.

Experts think these preliminary standards, which are being developed amid a frenzy of interest in the new drug, will quickly evolve into a national pattern for Viagra reimbursement policies.

Insurers have been wrestling for weeks with how to cover the drug without paying the claims of men who do not suffer from physical ailments or diseases known to cause impotence.

For example, men who are covered by Wellpoint Health Networks in

California will not be reimbursed for the prescription unless they have a doctor's written statement that they suffer from erectile dysfunction.

Cigna Healthcare, which covers 15 million people nationwide, said Tuesday that for men to qualify for Viagra coverage until permanent rules are established, they must have a "pre-existing documented condition of organic impotence, which is currently being treated by other medical means."

Once those conditions are met, Cigna will pay for only six pills a month. Patients will have to pay the cost out of their own pocket for any more. In general, a single dose of Viagra costs about \$10 at retail pharmacies, although some are charging considerably more. Men can safely take one dose a day.

## EURO: Bank Feud Displeases Bundesbank

Continued from Page 1

4, it will be set on the basis of Europe-wide concerns.

German interest rates are the lowest in Europe, so an increase would bring monetary policy closer to that of the other single-currency countries. In addition, Mr. Tietmeyer's pledge to set rates in accordance with Europe-wide concerns means taking into account the need to fight inflation in an area that includes economies that are growing significantly faster than Germany's—including those of Spain, Portugal, Ireland, the Netherlands and Finland.

Mr. Tietmeyer also said he hoped a decision on the bank president would be reached at the EU's weekend summit meeting, warning that "the time frame for the construction of the European Central Bank is already very tight."

Operations are supposed to begin July 1. In a speech in Leipzig, he added an apparent warning against splitting the eight-year term. He implored European government chiefs to "only seriously consider decisions which are without doubt in line with the treaty."

Economists across Europe appeared to agree with the Bundesbank's concerns.

"The market," Mr. Persaud said, "has become very anxious about this issue because it sends a very wrong signal about the independence of the European central bank."

Julian Jessop of Nikko Securities in London noted that a survey in the French newspaper *La Tribune* had shown that 64 percent of the French public would like to see political control of the European Central Bank. "But I think France will have to budge," he said. "They are in a minority of one."

"We are approaching high noon," said Adolf Rosencock, chief economist at IBI in Frankfurt. "I've had quite a few phone calls from nervous traders and portfolio

managers who are amazed that the fight is continuing. This is about politics and the attempt to win political influence over the European Central Bank."

The yield on the benchmark German 10-year government bond rose as high as 5.04 percent Wednesday, spurred by what traders said were a combination of concerns about the direction of U.S. interest rates and the continuing battle over the European Central Bank. After Mr. Tietmeyer hinted that interest rates could rise, the Bund settled back to a yield of 5.03 percent, up from 5.02 percent Tuesday.

European diplomats and financial officials, speaking on condition of anonymity, said Wednesday that they believe Mr. Duisenberg would be named Saturday in exchange for informal pledges to give France the presidency of the London-based European Bank for Reconstruction and Development and possibly also the next presidency of the European Commission following the completion of the current term of Jacques Santer of Luxembourg.

Financial officials added that if France were to veto Mr. Duisenberg on Saturday, forcing the Dutch to reject Mr. Trichet, a possible compromise candidate for the post could be the governor of the Finnish central bank, Sirkka Hämäläinen.

Bonn sent its own unmistakable signal Wednesday about the kind of strict monetary discipline it wants for Europe with the nomination of Oskar Lafontaine, the chief economist at the Bundesbank, for a directorate post at the new central bank. Mr. Lafontaine is regarded as one of the Bundesbank's toughest anti-inflation hawks.

Mr. Jochimsen suggested that any violation of the Maastricht treaty could invite new anti-euro lawsuits to Germany's constitutional court.

By fighting over Europe's top banking post, the EU already has failed an important test for the future of Europe, Mr. Jochimsen said.

## ALBRIGHT: In China, She Sees Progress

Continued from Page 1

tentions or forceful enough in pushing China to keep its commitments on human rights and proliferation of dangerous nuclear, chemical and missile technologies and components.

Earlier on Wednesday, Mrs. Albright went to the Beijing Film Studio to meet with the Chinese filmmaker Chen Kaige, whose internationally praised movies include "Yellow Earth," "Farewell My Concubine" and "Tempest Moon."

The first two films were shown here after many cuts, and the last was not allowed to be shown at all, but Mr. Chen said he avoided direct political analogies.

While chatting, they discussed the film "Titanic," which is a huge hit in China. Mrs. Albright said: "Why do people like it? I thought it was a terrible movie."

## Police Monitor Dissidents

The police tailed dissidents in cars and watched their homes Wednesday as Mrs. Albright arrived in Beijing for talks, The Associated Press reported.

Chn Hailan, the wife of a jailed labor rights campaigner, Lin Nianchun, said the police followed her after she asked permission to stage a protest march for her husband's release.

"Many cars followed me—red ones, black ones, with many people inside," she said in a telephone interview.

China routinely tightens surveillance on its dissident community during visits by foreign dignitaries.

On the eve of her arrival in Beijing, Mrs. Albright urged Chinese leaders to

## RIOTS: 10 Killed in China

Continued from Page 1

tage by about 3,000 members of their sales staff, the officials said.

Bogus door-to-door sales operations were restricted mostly to Hunan, Hubei and Guangdong provinces, officials said.

Guangdong cracked down on such schemes last year, forcing the companies to move to nearby Hunan and Hubei.

"It hasn't spread to the north yet," another official said.

The ban also affected legitimate sales companies, including the U.S. giant Avon Products, Amway and Mary Kay Cosmetics. The U.S. trade representative, Charlene Barshefsky, criticized the ban.

China has launched several crackdowns on illegal door-to-door sales, closing 570 unlicensed operations and seizing goods worth 70 million yuan (\$8.5 million) in the last year alone, state media reported.

## FRANCE: High Official Curbed

Continued from Page 1

French relations with China. In 1991 he dropped his objections and President Francois Mitterrand, his close friend, allowed the \$2.7 billion order to go ahead.

Now the twin investigating magistrates, Eva Joly and Laurence Vichnievsky, are trying to determine whether there was any connection between Mr. Dumas's change of mind and deposits made to his private bank accounts, allegedly by his friend and former associate, Christine Deviers-Joncourt, a lobbyist for the company that built the ships.

The investigators say that at one point, she bought a \$2,000 pair of custom-made shoes for Mr. Dumas with a credit card provided by Elf Aquitaine, the biggest oil company in France, and lavishly entertained him over dinner.

Elf Aquitaine allegedly offered her lobbying services to the defense contractor that built the frigates, Thomson-CSF, because of her close association with Mr. Dumas. Both companies were state-controlled at the time and investigators are believed to be probing as much as \$9.6 million in commissions believed to have been paid to Mrs. Deviers-Joncourt and others for helping arrange the sale.

Mr. Dumas has denied the charges. He has also said that only a special tribunal could investigate him for alleged malfeasance in office and that the magistrates in this case have no jurisdiction over him.

But their investigation order Wednesday required him to post bail of 5 million francs (\$833,000) by the end of May and forbade him to travel to Switzerland and other financial havens where Mrs. Deviers-Joncourt allegedly had bank accounts.

Mrs. Deviers-Joncourt, who once worked with Mr. Dumas in his law of-

ward the single currency is in many ways the most revolutionary step toward a united Europe since the founding of the European Community in the 1950s," said John Palmer, director of the European Policy Center in Brussels.

The euro will make its debut as a financial accounting unit on Jan. 1. Euro bank notes and coins will go into circulation in 2002.

The consequences of the new currency are so vast they cannot be predicted with any precision. Experts say the euro will lower prices for consumers, make European travel easier, increase pressure to lower taxes, attract new investment capital and force Europe to become more competitive.

The price, however, could well be a huge loss of jobs in societies where job protection is sacrosanct and labor flexibility limited. Wide-scale dislocations, higher unemployment and resounding public discontent are feared by many.

There will be other sacrifices as well. The 290 million citizens of Euroland, as

## VETO: Dues Bill Threatened

Continued from Page 1

leaders in the House threatened to exclude from an emergency spending bill the provision of \$18 billion for the International Monetary Fund. The Fund has seen its resources depleted by the recent bailouts in Asia.

If the IMF and UN moneys are excluded from that bill, the White House budget director, Franklin Raines, warned Wednesday in a letter to congressional leaders, the president's advisers would recommend that he not sign it.

That spending bill would also provide relief for victims of storms linked to the El Niño weather pattern, and for keeping U.S. troops in Bosnia and the Gulf.

Democrats said they hoped American voters would be angered by the inclusion of the abortion provision in the State Department bill and pressure Republicans to retreat.

The issue of abortion is one in which each side sees high political stakes, far higher, in domestic terms, than the issue of UN dues.

The latest events marked a further sharpening of confrontation that has emerged in recent days. In addition to the legislative conflict, Representative Newt Gingrich of Georgia, the speaker of the House, has recently launched a series of attacks on Mr. Clinton's credibility and urged other Republicans to join him.

The abortion provision was denounced as "legislative blackmail" by Senator Joseph Biden of Delaware, the ranking Democrat on the Foreign Relations Committee.

Senator Jesse Helms, Republican of North Carolina, chairman of the Senate Foreign Relations Committee, threw down a gauntlet for Mr. Clinton on the State Department reorganization bill.

The president "has waved that veto flag time after time," he said. "But he should realize that this is it. If he vetoes this bill, there will be no further action."

The Clinton administration has already faced serious challenges to major elements of its foreign policy, suffering setbacks last year in its pursuit of "fast-track" trade negotiating authority and of funding for the IMF.

On Tuesday, before the Senate vote, Mr. Clinton had condemned Congress's failure to unconditionally pay the back UN dues. "I don't think that is a responsible, mature message to send to the world by the leading country in the world," he said.

If Mr. Clinton vetoes the bill, and his veto appears likely to be sustained, then Republicans can take up the issue again or allow the full legislation, including the State Department reorganization, to die.

## COIN: Barre, a Euro Prophet, Believes Europe Is on the Threshold of a Golden Age

Continued from Page 1

the group of 11 countries participating in the euro is called, will not lose just their currencies. They will lose many of the traditional powers governments hold over their national economies.

"Europe," in the form of the rules and institutions that euro countries have imposed on themselves, will decide how much national governments can spend, effectively limiting their ability individually to increase aid to the jobless, retirement pensions or subsidies to business. And "Europe" will decide whether interest rates should be high or low, whether money should be plentiful or limited—in effect whether national economies will grow or slow.

The single currency will place enormous pressures on the economies of the 11 member countries. With many of their economic tools in the hands of European institutions, euro nations will have no choice, many economists predict, but to transform their rigid, bureaucratic economies into efficient and competitive systems. If prices comprehensible to all attract shoppers across national borders, stores at home must lower their prices. If

high taxes in one country send investment money elsewhere, that country must either reduce taxes or face the consequences of stagnation.

"The discipline imposed by monetary union may put countries in situations they have no easy way to get out of," said Paul De Grauwe, economics professor at the University of Louvain in Belgium. "The good news is, that kind of discipline may lead to more rational policies. There is less leeway for experiments and mistakes."

Four of the 15 members of the European Union will not participate in the euro. Of them, three—Britain, Denmark and Sweden—have declined largely because they do not want to turn over so much sovereignty to an extra-national power. Greece failed to meet the euro's economic targets and hopes to join later.

To many Europeans, the concept of sovereignty is elusive—especially when it comes to trade and money.

The closely linked nations of Europe have been whipsawed for decades by their gyrating currency values. Every Italian lira devaluation sends cheaper Italian tomatoes to French produce markets. Every rise in the value of the German mark makes Mercedes-Benzes more expensive in Spanish car dealerships.

The key to the euro is that Europeans are making this daring move not to suppress their sovereignty, but to enhance it.

"Do you think that today we have monetary sovereignty?" asked Yves-Tribault de Silguy, the Frenchman who is the EU commissioner for monetary affairs. "European countries are all very dependent on each other. The euro is the abandonment of theoretical national sovereignty for the benefit of regaining real shared sovereignty."

Europe has had currency unions and currency systems before, beginning with the Roman Empire (before that, the ancient Greeks tried to impose one, but it did not take). There were the Scandinavian Monetary Union and the Latin Monetary Union in the last century and the post-World War II international gold standard of fixed exchange rates that lasted in one version or another until 1971. There have been two European exchange rate coordination mechanisms since then to keep currencies stable relative to each other. Both functioned for a while, then crashed disastrously.

In fact, as Mr. Barre knows well, the economic history of postwar Europe is in large part a history of currency crises, of emergency meetings of leaders and of spectacular monetary collapses. In 1969, when Mr. Barre became vice president of the European Commission, the administrative body of what was then known as the European Economic Community, the six members of the Common Market were in the throes of a currency meltdown.

To understand why sharp and unplanned-for changes in their currencies' value can be so disruptive for European nations, it is helpful to think of Europe as a class of students. There are good ones, mediocre ones and poor ones. As long as their grades stay roughly the same, their relationships stay the same. But if one changes, the rapport is disrupted. If the student with good grades gets even bet-



Robert Bennett, Republican of Utah, left, speaking about the priorities of a new Senate committee he is leading on the year 2000 problem. Christopher Dodd, Democrat of Connecticut, is vice chairman of the committee.

## 2000: For U.S. Firms, Price of Fixing Bug Is \$50 Billion and Rising

Continued from Page 1

"I am less confident that global markets are going to be equally well-prepared," he told the committee. "Capital markets are linked with laser speed and we must make certain everyone in this interlinked mechanism is prepared."

A growing number of economists and industry analysts, pointing to recent surveys that indicate many U.S. and foreign businesses have been slow to deal with the problem, predict there will be business slowdowns and shutdowns as critical systems fail.

They contend that U.S. economic growth—now projected at around 2 percent a year—could slow to recession levels at the turn of the century. "Disrupting the flow of information could be just as distressing as the disruption in the flow of oil in 1973 and '74," said Edward Yardeni, the chief economist at Deutsche Morgan Grenfell Inc. in New York.

Mr. Yardeni said he believes there is a 60 percent chance of a recession starting in 2000 because of date-related computer problems.

Although Mr. Kelley told the committee that prospects of a "deep recession" are "probably a stretch," the Fed's analysis did not extend into the year 2000 and beyond and did not include the economic impact of possible business slowdowns or shutdowns resulting from date-

related system failures. For many large firms, making their computer systems understand the year 2000 is proving a Herculean task. BankAmerica Corp., for instance, must fix 2,500 computer systems. The San Francisco-based bank has 1,000 employees devoted to the project and has hired several hundred outside contractors in an effort that will cost about \$380 million, according to David Coulter, the bank's chief executive. About \$100 million of that amount is being used to create a bonus pool for the bank's technology employees. Those who shun the dozens of lucrative job offers they are currently receiving from competitors will share in the pool if they see the projects through, Mr. Coulter said.

The diversion of corporate resources to repair affected computers could also reduce the growth of U.S. labor productivity by two-tenths of a percentage point a year for the next two years, Mr. Kelley said in his testimony.

"The year 2000 problem will touch much more than just our financial system, and could temporarily have adverse effects on the performance of the overall U.S. economy as well as the economies of many, if not all, other nations if it is not corrected," Kelley told the Senate Commerce Committee. "The event is unlikely to be trouble-free."

Committee members also expressed

concern about the federal government's progress in repairing the date glitch. Only 35 percent of the government's "mission-critical" systems have been fixed, according to a recent report issued by the White House, which estimates the entire price tag for date-related repairs at federal agencies will reach \$4.7 billion.

The issue is particularly vexing for programmers because corporate and government computers, in the Internet age, increasingly depend on exchanging data with other machines. A failure in one machine could have broad ripple effects, crippling systems in other offices, states or countries, specialists say.

Like many others who have been tracking the issue closely, Mr. Kelley said he believes the cost of fixing the "millennium bug" will continue to increase. The 500 largest U.S. publicly-traded corporations expect to spend about \$11 billion to fix the date glitch, according to the Fed's compilation of recent quarterly financial statements.

Financial services firms said they expect to spend about \$3.5 billion, according to the Fed's analysis.

In a letter sent to the SEC last week, the Securities Industry Association advanced a higher figure, saying that the financial services industry could spend as much as \$6 billion over the next three years on date-related fixes.

ter, the bad ones need compensation so they don't look worse. If the bad ones deteriorate, they threaten to drag down the mediocre and good ones.

In the economic history of postwar Europe, Germany has been the good student. Its powerful Bundesbank's control over inflation has made the Deutsche mark the strongest currency of Europe and its hard-driving industries have made it Europe's economic engine. Over those five decades, France and Italy have been the mediocre students, and occasionally the bad ones. Britain has gone both ways.

By this analogy, it could be said that the United States was the teacher. Its opinions affected all the other students just as the dollar affected all other currencies. Never was that more true than in the European monetary crisis of the late 1960s.

In 1968, the U.S. economy, unbalanced and inflation-prone from spending on the war in Vietnam, was weakening. Students were rioting in the streets of Paris. One of the few good students left in the world was Germany. International investment money began pouring into Germany in anticipation that the mark's exchange value would be raised, giving investors a quick profit.

Other European countries, seeing their treasuries emptying, demanded a readjustment—that is, an increase in the value of the mark. The Germans, fearing the consequences of higher Volkswagen prices overseas stemming from a higher value for the mark, resisted.

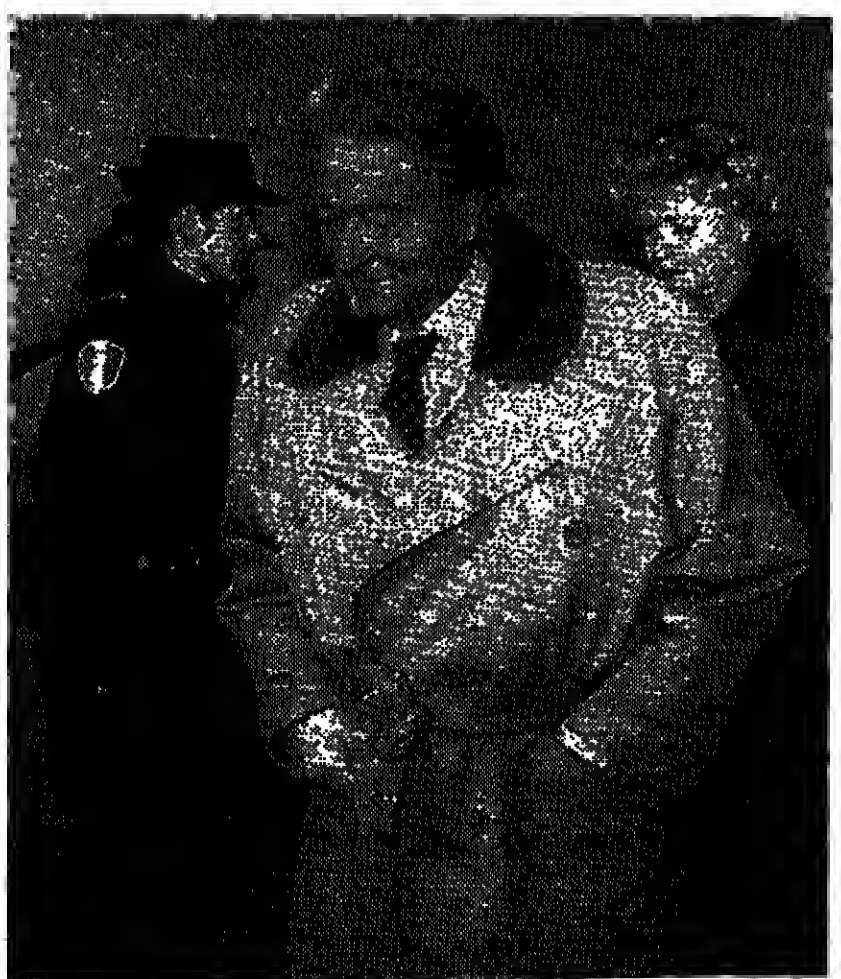
A meeting of nine countries was arranged in Bonn on three days' notice. At the meeting, as retold in a British documentary by Brian Lapping Associates that has aired throughout Europe in recent weeks, Germany refused to raise the value of the mark despite U.S. insistence. As one participant described the statements of Henry Fowler, then U.S. Treasury secretary: "The dollar is the sun and the sun does not change. If anything changes, it has to be the planets."

In Mr. Barre, that was precisely the problem. He saw the statement as a message that Europe had to band together monetarily to defeat the power of the dollar.

The idea slowly gathered steam, especially in France, which dragged along Germany to put continental Europe's two pillars behind the idea. In 1972, after more reports favoring monetary union, the nations of the Common Market committed themselves to it. After two decades of negotiations and false starts, the EU finally put itself on a firm course toward monetary union at its 1991 summit meeting in Maastricht, the Netherlands.

The EU leaders saw creation of the euro, as it was named in 1995, as the only sure way to forever cement together their shifting currencies. Past systems to keep European exchange rates roughly at par had failed, sometimes spectacularly.

"You had to go all the way to monetary union," said Etienne Davignon, chairman of Societe Generale, Belgium's largest holding company, and head of a pro-euro business association. "If you wanted stability and a single market, you had to accept the corollary or you had nothing."



Roland Dumas, followed by Eva Joly, a French investigating magistrate.

with him. Mr. Mitterrand appointed Mr. Dumas as president of the Constitutional Council for a nine-year term in 1995.

Other members of the tribunal have expressed concern that its work could be paralyzed while Mr. Dumas is under suspicion.

Authorities in Taiwan suspended payments for the frigates in March, pending completion of the investigation.



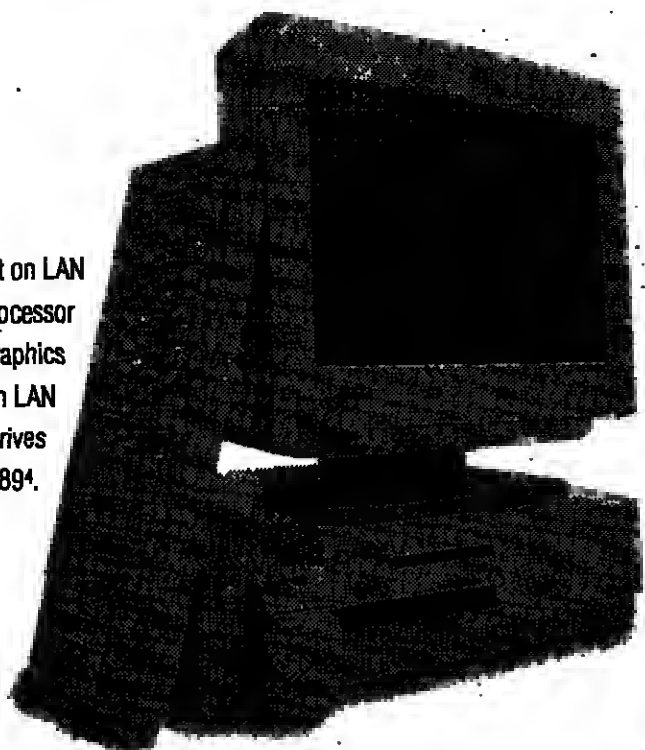
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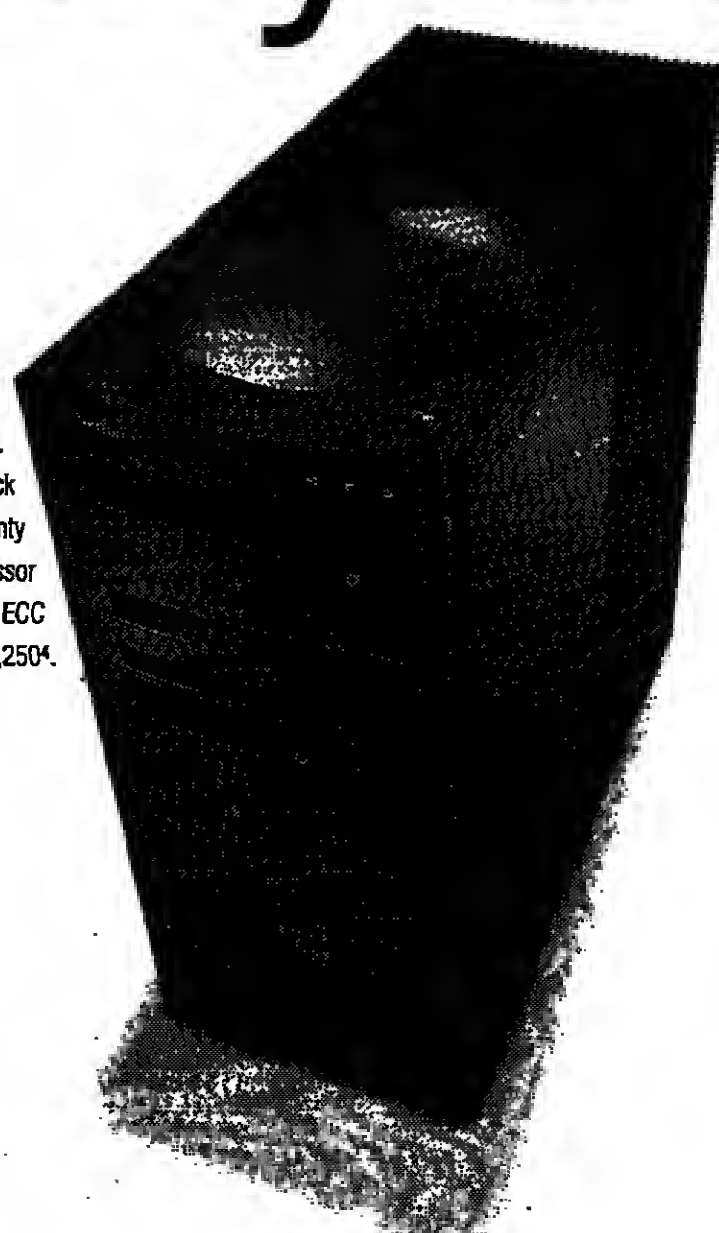


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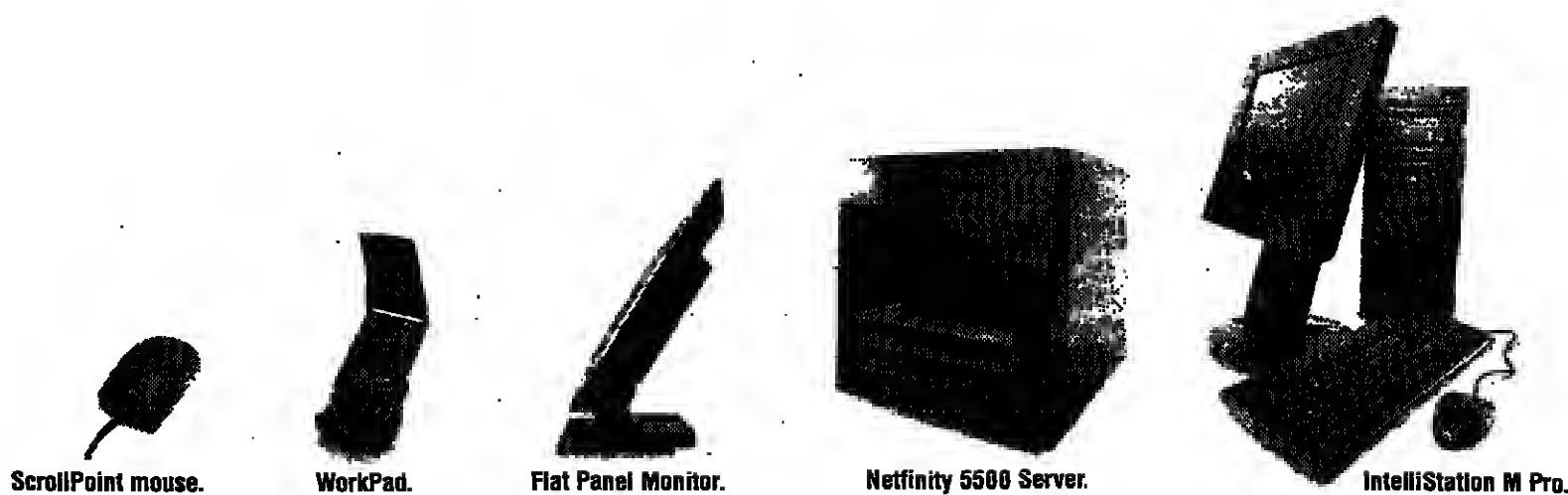
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## DESTINATION GREECE DOORWAY TO PLEASURE

### THE RESTORATIVE DELIGHTS OF GRECIAN LEISURE

Greece offers vacationers far more to do than sightsee and laze on beaches — although these are never far away.



For the ancient Greeks, attending dramatic performances was considered a way to help restore the ailing body to health.

Tourists used to come to Greece only to see the classical ruins, swim along the sandy beaches in the summer and enjoy the clear blue skies and bright sun. Now, they can enjoy much more than that, as both private enterprise and the state-run National Tourism Organization are turning the country into a center for culture, summer and winter sports and just plain fun.

The Athens and Epidaurus Festivals, in the summer months, offer classical theater, music and dance in their programs. This summer, Epidaurus will hold performances in an ancient open-air theater with a capacity of 14,000 and excellent acoustics. The state-run National Theater and a number of private theater groups will stage comedies by Aristophanes, the great fifth-century playwright, and several tragedies by the greatest playwrights of antiquity. Open Theater will present "Acharnians," the Cyprus Theater Organization "Peace," the Athens Amphitheater "Women of the Ecclesia," the National Theater "Frogs" and the State Theater of Northern Greece "Clouds," all comedies by Aristophanes. Other groups will stage "Oedipus in Colonus" and "Electra" by Sophocles as well as Euripides' "Orestes."

**Cathartic benefits**  
Epidaurus lies 135 kilometers (84 miles) southwest of Athens in northeastern Peloponnese and was the sanctuary of Asclepius, the god of

health. Pilgrims with health problems used to go there to seek the help of the god and his priests, who were trained as healers. The ancient Greeks believed that most illnesses were psychosomatic or the result of tension, and dramatic performances were considered an essential part of the healing process.

The Epidaurus Theater Festival is held every year in July and August on Friday and Saturday evenings. Most tourist agencies organize bus transportation to Epidaurus from Athens and other tourist destinations when a play is on so that audience members can return to their hotels by midnight.

The Athens Festival takes place at the ancient Roman Theater of Herodes Atticus under the Acropolis, and includes theater performances, concerts of classical and modern music and dance. In June, the Greek Opera House will present Verdi's "The Force of Destiny," "Tango por Dos," the Greek singer Nana Mouskouri and the Gala des Etoiles, dance shows with the participation of stars like Maya Plisetskaya, Fernando Buñones, Evelyn Hart, Dmitri Simkin and others.

In July, the West End Orchestra will perform a selection of music from the best musicals of recent years, including "The Phantom of the Opera," "Les Misérables," "Jesus Christ Superstar," "Miss Saigon" and others. The Free Theaters of Cyprus will present "Bacchae" by Euripides and several classical and light music con-

certs. In August, the program begins with "The Acharnians" by Aristophanes, and includes a play by the National Theater, a concert of Greek music by the Manos Hadjidakis Ensemble and the Italian Aterballetto Ballet, directed by Mauro Bigonzetti.

**Classical performances**  
In September, there will be two concerts by the St. Petersburg Philharmonic Orchestra, directed by Yuri Temirkanov, with works by Zbigniew Preisner and the participation of Sophia Loren. The Mozarteum of Salzburg, the Beijing Opera and the Israel Chamber Orchestra are scheduled to appear at the Herodes Atticus Theater.

The two festivals are surpassed in content by the continuous shows, concerts and operas performed all year round at the Athens Music Palace. In May, the Palace has two concerts with the Berlin Philharmonic Orchestra, directed by Claudio Abbado; the Baden-Baden Radio Orchestra with Gerd Albrecht; modern music workshops and concerts by the State Orchestra of Athens and the State Orchestra of Thessaloniki. In June, the Music Palace will stage "Orpheus and Eurydice" by Gluck and concerts by the State Radio Orchestra.

General Secretary of Tourism Nikos Skoulas believes that archaeology, swimming and culture are not enough to satisfy the most demanding tourist. For this reason, the government has encouraged

the development of sports like wind surfing, golf and skiing.

Wind surfing and water skiing are possible at most organized beaches on the mainland and in the islands, where surfing gear can be rented by the hour. Wind surfing is especially good in July and August, when the challenging northern trade winds blow.

To satisfy tourists who prefer nightlife and gambling, the Greek government has encouraged the opening of casinos in several tourist centers, including the Isle of Rhodes, Mount Parnes (near Athens), Loutraki (a few kilometers from ancient Corinth), and near Thessaloniki.

During the winter months, a number of ski centers provide those who favor winter sports with beautiful ski runs. The best ski resort near the Greek capital is on Mount Parnassus, but there is another one on Mount Zeria in North Peloponnese. They are both just over two and a half hours by car from Athens. In Northern Greece, the best facilities are in Seli on Mount Vermion, about a two-hour drive from Thessaloniki.

**A boom in golfing**  
A major effort, however, is under way to promote golf in Greece. Mr. Skoulas believes that in a country with the mild climate of Greece, golf is a year-round sport. Until recently, Greece had only one 18-hole course, Glyfada, along the sea near the Greek capital. Designed by Donald

Harradine, a well-known Swiss golf architect, the 18-hole Glyfada course covers an area of 150 acres and is situated in a pine forest, a 20-minute taxi drive from the center of Athens.

"It is a very good course, and this is why it was chosen for the 1979 World Cup won by Hale Irwin and John Mahaffey," says Elly Abravanel-Valsamidi, a veteran player.

Motivated by tourist demand, certain tourist centers have also developed golf courses. The most beautiful is the 18-hole course of the Golf Club of Corfu, an island off the northwestern coast of Greece.

Another tourist island between the coast of Asia Minor and Crete, Rhodes has an 18-hole course in Yfanto, a village near the City of Rhodes. Another 18-hole course is operating in Port Carras, in Halkidiki, in Northern Greece. A small nine-hole course is run by the Hotel Mare in Port Elounda in Eastern Crete.

"We actually have four and a half golf courses," says Mr. Skoulas. "They are good courses, but not enough for the number of tourists who come to Greece and want to play their favorite sport." He believes that golf can become a major attraction for tourists who want to spend off-season vacations in Greece. To increase the number of golf courses, the government is subsidizing 50 percent of the cost and is inviting both domestic and international investors to take advantage of this generous offer. ■

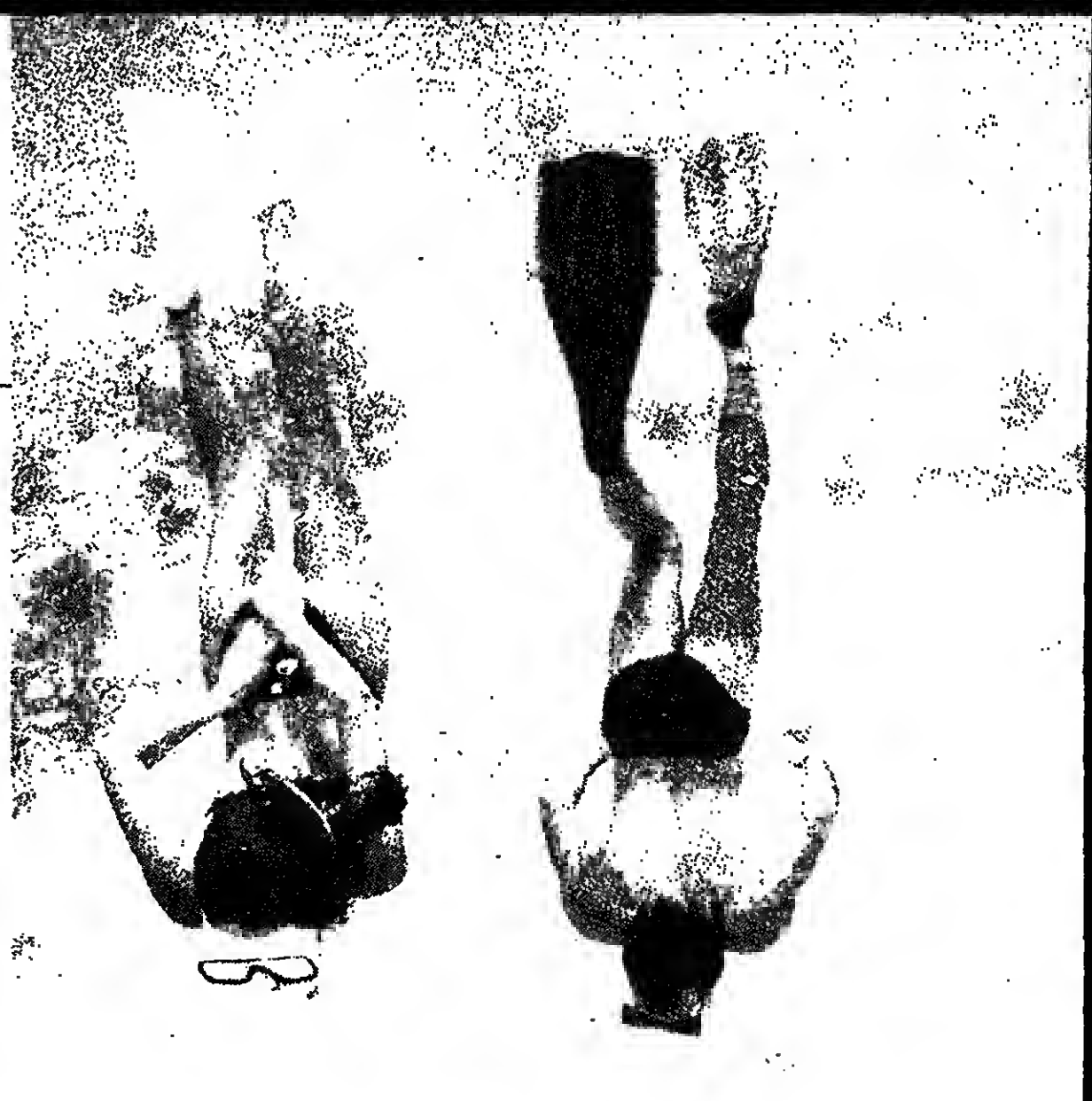
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## TribTech

## Quantum Computing Takes a Quantum Leap

Subatomic Particles Do the Work of Digital Switches in a Thimbleful of Chloroform

By John Markoff  
New York Times Service

SAN FRANCISCO — Scientists have seen the future of computing in a thimbleful of chloroform.

Researchers at International Business Machines Corp., the Massachusetts Institute of Technology, Oxford University and the University of California at Berkeley, reported this month that they had succeeded in building the first working computers based on the principles of quantum mechanics, a branch of physics that describes the quirky world of subatomic particles where yes and no can simultaneously be true.

In a long-sought breakthrough, the scientists were able to fashion a novel computer, in which the processor consisted of atoms of hydrogen and chlorine, and then used it to sort an unordered list of items.

As recently as two years ago, the consensus among most researchers in the field was that quantum computing was a theoretical, but not practical, possibility.

The breakthrough has touched off a wave of excitement among physicists and computer scientists and is leading dozens of research centers worldwide to embark on similar experiments, heralding the advent of an era of so-called

quantum computers, specialized machines that may one day prove thousands or even millions of times faster than today's most powerful supercomputers.

"This is an important step," said Richard Hughes, a physicist at Los Alamos National Laboratory in New Mexico. "What's intriguing is that they've now demonstrated the simplest possible algorithm on a quantum computer."

There are still major hurdles to be overcome before quantum computers can be applied to general problems, Mr. Hughes said. But a number of scientists working in the new field say that enough progress has been made to foresee significant applications.

In search of more powerful tools for code breaking or searching large databases, large computer companies such as IBM and Hewlett-Packard Co. are already assembling teams of researchers in an effort to work on quantum computing systems that may come into their own sometime after 2010.

"This will reshape the face of science," said Stanley Williams, a physicist who is coordinating Hewlett-Packard's quantum computing research.

The developments have come as many computer designers have concluded that conventional computer technologies will reach fundamental physical limits.

Transistors have been shrinking in size, fueling the ever-growing speed and power of computer processors. Semiconductor designers say transistors will start to fail as they begin to approach the size of a handful of molecules, perhaps sometime after 2010. Many of the scientists involved in the research maintain that quantum computing will begin to have an impact even sooner.

For example, a quantum computer could help computer engineers simulate the functioning of conventional computers based on such tiny transistors, said Neal Gershenfeld, a physicist at the MIT

Media Laboratory and one of the designers of the first quantum computers.

Unlike conventional computers, which are assembled from arrays of millions of digital switches that can be switched on and off rapidly, quantum computers are assembled from molecule-sized units known as qubits. While digital transistors represent either a 1 or a 0, a qubit can represent 1, 0 or potentially many other states simultaneously.

Quantum physicists call this "superposition," and there are an infinite number of possible superposition states. Thus a quantum computer could do many calculations simultaneously.

In the past year a number of groups struck upon the idea of using nuclear magnetic resonance techniques, which are widely used to study the structure of molecules and to measure magnetic fields, to overcome one fundamental stumbling block: how to read information into and out of a quantum computer.

According to ordinary quantum physics, the act of looking at an individual particle tends to alter its interaction with other particles. In other words, reading a computer's output would destroy the superposition that makes it work. But by using magnetic resonance techniques to observe vast numbers of molecules at once, the effect of quantum measurements is canceled.

With Mr. Gershenfeld and Mark Kubacki, a chemist at the University of California at Berkeley, Isaac Chuang, a physicist researcher at IBM's Almaden Research Center, set out in 1996 to build a simple quantum computer capable of executing a searching algorithm.

The physicists were able to create qubits from the hydrogen and chlorine atoms in chloroform. By using exotic techniques to align the nuclei, they forced the molecules to act as computers, reading the results using nuclear magnetic

resonance measurement techniques.

The program they ran on the quantum computer was designed by Lov Grover, a researcher at Lucent Technologies Inc.'s Bell Labs. The search algorithm is akin to opening four separate doors in order to find a ball hidden behind one of the doors. Using a conventional computer it would on average require opening more than two doors to locate the ball.

The power of the quantum computer, Mr. Chuang said, is that it can open all four doors and locate the ball in a single step.

One practical application for such a searching algorithm, he said, might be to speed the hunt for a single word in all the data stored in the World Wide Web. Searching the 8 trillion bytes on the Web recorded recently by IBM would take a conventional computer a full month; a simple quantum computer could do it in 27 minutes, Mr. Chuang said.

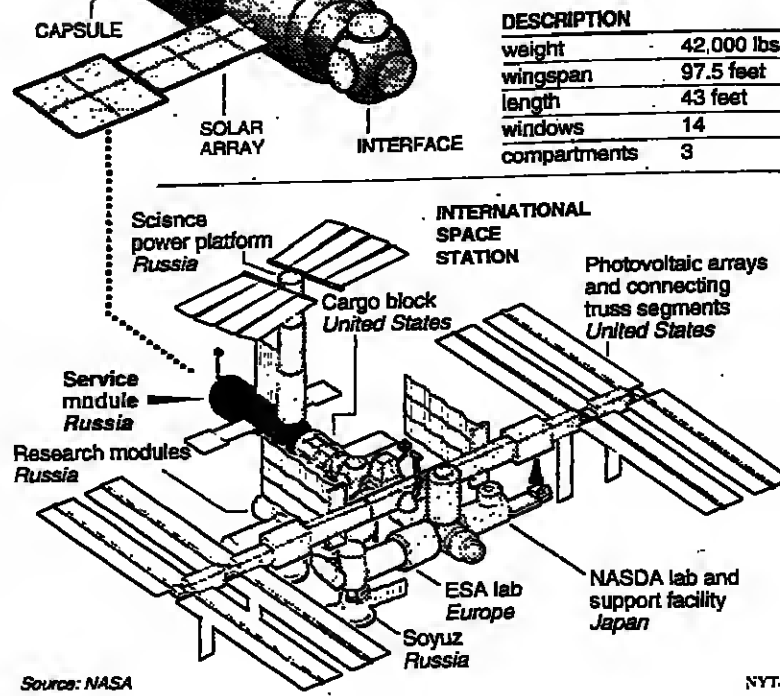
In a burst of recent activity in both corporate and university laboratories, scientists have surmounted one obstacle after another. Because quantum computing crosses a number of traditional academic disciplines, including physics, mathematics, computer science and chemistry, universities including Oxford, California Institute of Technology and Stanford are setting up interdisciplinary research centers.

Despite its promise and recent progress, the scientists acknowledged that there is much work left to do to create commercially or scientifically useful quantum computers. Indeed, a number of earlier technologies, including Josephson junctions and optical switches, have promised exponential improvements in the power of computers, but they have failed to materialize because of technical obstacles.

"This is what I dream about," Mr. Chuang said, "and I have nightmares about it, too."

## Cosmic Laboratory

Modeled after the Russian space station Mir, the service module occupies a cornerstone position, providing propulsion, life support and other key systems for the interlocking array of modules that will comprise the international space station. Scheduled to be completed in 2003, the \$30 billion station will weigh more than a million pounds (on Earth) and cover an area as big as two football fields.



DESCRIPTION	
weight	42,000 lbs.
wingspan	97.5 feet
length	43 feet
windows	14
compartments	3

Source: NASA

NYT

## Space Station Waits on Earth

New York Times Service

WASHINGTON — After years of planning and promises, pieces of the proposed international space station are finally coming together. But instead of being assembled in orbit, they are stacking up at testing sites and warehouses awaiting a decision to begin putting the giant laboratory together in space. A new date to begin rocketing the station components into space, already delayed several times by hardware and money problems, is to be set by the end of May, NASA project officials say. While there is still a good chance that assembly will start before the end of the year, they say, completing the project will probably take longer and be more expensive than predicted.

With recent word that the crucial Russian component, called the Service Module, is another three to four months behind schedule, the first assembly flight is now not likely to occur before September, experts say. A decision on when, and how, to proceed with the space station will depend heavily on information gathered by a National Aeronautics and Space Administration team visiting Russia this week.

Over more than five years, astronauts are to assemble the station from components made by 16 countries and carried into space by 45 or more rocket flights, including more than 30 U.S. space shuttle missions. Major partners in the venture, which is expected to cost at least \$30 billion initially, are the United States, the European Space Agency, Russia, Japan and Canada.

## SITES

For detailed information from NASA on the latest developments with the space station: [station.nasa.gov/core.html](http://station.nasa.gov/core.html)The SpaceZoo interactive site provides the adventure of real and imagined space exploration. It brings together historical information from over 30 years of space exploration: [www.spacezoo.com/home1.html](http://www.spacezoo.com/home1.html)

## TECHNOLOGY INDEX

A glance at technology stock indexes around the world			
	Tuesday close	% change previous week	% change year to date
North America			
Pacific Stock Exchange	350.13	-2.51	+20.50
Technology			
Standard & Poor's Technology Composite	859.96	-2.19	+22.86
Europe			
Morgan Stanley Eurotech	547.07	-3.21	+42.02
Asia			
Topix Electric	1760.53	-0.89	+7.08

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihf.com>. Articles include:

- Acer to Buy Siemens' PC Plant, April 24
- Investors Seek Hyperlink to Riches, April 24
- Compaq Sets Share Buyback, April 24
- U.S. to Let Comsat Fly Free, April 25-26
- Nokia Profit Rises 59% on Network Sales, April 25-26
- Inquiry Examines Windows 'Desktop', April 27
- Japan Venture: Satellite to Car, April 28
- \$3.5 Billion Spurt to IBM's Shares, April 29
- Telekom's Net is Robust Despite New Rivals, April 29

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to [tribtech@ihf.com](mailto:tribtech@ihf.com).

International Herald Tribune

## Will Technology Shifts Make Microsoft a Dinosaur?

By Denise Caruso  
New York Times Service

NEW YORK — Microsoft Corp. has a long-standing reputation in the personal computer industry as a school-yard bully. But recent public scrutiny has propelled the company's swaggering reputation into the mainstream.

Predicting the software giant's eventual demise has expanded into something of a national pastime game.

Even the venerable Silicon Valley research institute, SRI International, which rarely chimes in on the ideological events of the day, is now "pondering the unthinkable," as it says in its speculative report "After Microsoft."

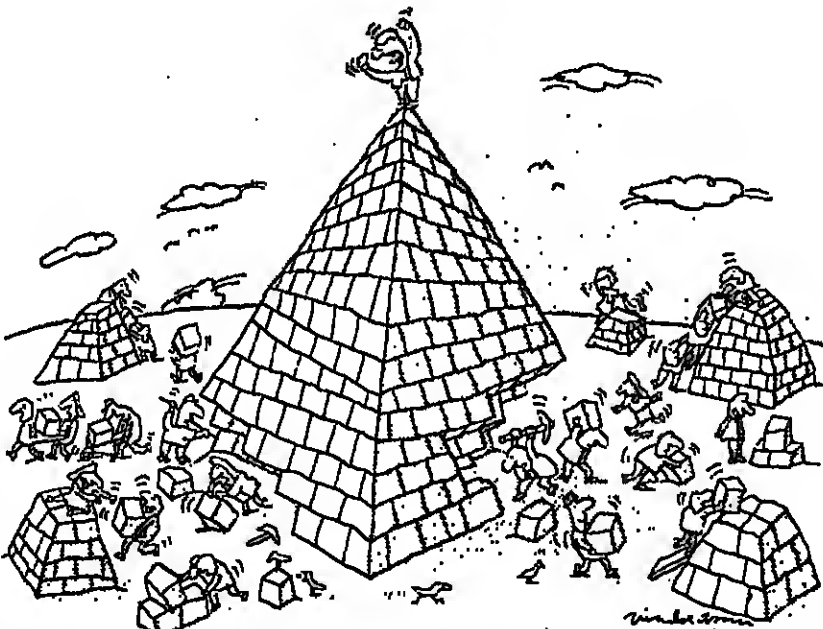
The SRI report, actually a faux newsletter article written by the senior consultant Robert Jacobson from the vantage point of the year 2003, describes a software industry in which Microsoft has "devolved" into five separate Baby Softs. The report is posted on the Web (<http://future.sri.com/hipl/AM.html>).

Although the current antitrust investigations do figure in Mr. Jacobson's chronicle of the company's fictional collapse, it also cites other, equally prominent factors: failure of key products to perform as promised; cross-industry competition from large publishers and media companies; unwise investments in risky new industries; and "a decline in Bill Gates' focus and ability to micromanage the company."

But whether Microsoft stands or falls, a larger force will be buffeting the company, a force already making an impact not only on Microsoft but also on almost every other large corporation. That force is technology itself.

The increasing power of technology has contributed to the vast chaos of mergers, acquisitions and strategy shifts in today's business world.

Even as giant conglomerates are forming, PCs and the global Internet are creating an increasingly favorable economic climate for smaller, more nimble companies, niche markets and custom-



ized products and services.

Corporations serving mass markets, always at the mercy of their snail-paced bureaucracies and substantial overhead, are square in the path of this inexorable march.

For example, desktop publishing, a stunning success for the PC industry in the 1980s, turned the once-monolithic publishing industry upside down, with new magazines, alternative newspapers and small book houses set up by writers and editors who could never afford access to old-line commercial printing presses. A decade later, not only are PCs serving as printing presses, but also the World Wide Web is providing global distribution for desktop publications.

Dino alternative music and independent film: Any of the countless hands or independent studios that have mixed their own CDs, or edited film or videos on a desktop computer, can testify that the cost of production has plummeted. Using the Internet, these artists can market their work — and eventually dis-

tribute it — outside the conventional clogged and costly sales channels.

Moreover, last year a long-distance telephone service reseller named Tel-Save offered America Online's customers what was then the lowest rate in the industry, 9 cents a minute, largely because the on-line service eliminated the need for direct marketing, advertising or billing. Tel-Save now has half a million customers through America Online.

Information technology, in short, is creating a shift so fundamental that not even a PC pioneer like Microsoft may know how to respond. The company is so huge, and to date has proved so unwilling to relinquish any control of its markets, that the SRI report suggests the software giant may collapse under its own weight.

Mr. Jacobson contends that Microsoft customers are already tiring of bloated software that seems designed to take up the largest possible amount of space on a hard drive, to require the largest possible amount of computer

memory and to contain every conceivable feature for the largest possible market of users.

Just as in other industries transformed by technology, software buyers are no longer bound to accept what Microsoft chooses for them.

Instead, customers may begin reaping benefits from the growing popularity of the "open source code" and component software movements, which encourage programmers and the most motivated users to customize the inner workings of operating systems and application programs.

SUCH trends, though, are antithetical to Microsoft, whose success is based on controlling its Windows operating system and mass-market sales of general purpose — not customized — software.

Thus, the emergent leaders may turn out to be niche producers who can quickly form and reform their businesses to respond to individual customers — a trend already in play on the Web, where software designers create "plug-in" modules that provide various types of functions upon request.

This clash between mass and niche market seems so primal that the only analogy with sufficient drama is of dying dinosaurs and the daring little mammals that survived them.

So far, only one dinosaur — the former AT&amp;T Corp., itself once the target of the Justice Department's antitrust squad — saw and embraced mammalian fleet-foot tactics as a survival strategy.

Having undergone a court-supervised divestiture in 1984, the corporation decided a decade later that it was still too big and could succeed only by voluntarily dismantling itself into three separate companies. So far, all three are not simply surviving, but growing and thriving.

It is highly unlikely that technology will decimate all large companies in its path — not by 2003, anyway. But certainly something is afoot — something much more fundamental than Microsoft's recent mediagenic missteps.

## BRIEFLY

• **TWINKLE, TWINKLE, SATELLITE:** Stargazers have been seeing some strange lights flashing across the night sky.

No, they're neither UFOs nor a government secret, they're "Iridium flares," an astral phenomenon created by the world's newest satellite constellation. Since Iridium began launching its 66 low-orbiting satellites last year, people around the world have begun noticing brilliant flashes of light when they look toward the stars. No telescope is necessary.

"We watch them every night," said David Sands of the Auslin Astronomical Society. "You'll be looking up in the sky, see a satellite moving, very faint, then it gets brighter," he said. Others say they resemble the beam of a car headlight.

The flares appear when rays from the sun reflect off shiny aluminum surfaces on an Iridium satellite's antennas. Because the 66 satellites cross the sky at a low, 421-mile-high orbit (674 kilometers), the reflections are brighter and more frequent than similar flashes created by higher, traditional geostationary satellites.

How do you know where, and when, to look for the flares? The German Space Operations Center takes away much of the guesswork through its Web site: [www.gsoc.dlr.de/satvis/](http://www.gsoc.dlr.de/satvis/). By entering the name of your town or your

latitude and longitude coordinates, the Web site calculates the best time and sky position to see a flare from an Iridium satellite.

The Iridium consortium, which is led by Motorola Inc., said Tuesday the last seven of its satellites were to be launched in the next 10 days, and that commercial service would start Sept. 23.

The \$5 billion Iridium network will be the first system of its kind allowing telephone service and paging to and from virtually any point on the globe. But the service will come at a price: The hand-held phones will cost \$3,000 and air time is expected to cost about \$3 per minute. Iridium is offering subsidized service to developing countries whose governments sign partnership agreements.

• **WHERE'S THE FOOD?:** Koko the 300-pound (135-kilogram) gorilla logged on to the Internet this week — and clearly was not impressed.

During what was billed as the world's first "interspecies" oo-line chat Monday, Koko was far more interested in her toy alligator and dreams of dinner than in answering a barrage of questions from thousands of eager humans.

"I like drinks," Koko signaled, in one of her more lucid comments during the 45-minute dialogue. "Apple drink."

Koko's foray into the high-tech world of Internet chat rooms was sponsored by



Koko, who went on-line this week, was first exposed to computers in 1995.

America Online Inc. and Envirolink, which together with the Gorilla Foundation near San Francisco set up the event to publicize the plight of the world's great apes.

Koko, who is 26, was seen as the

obvious on-line ambassador for her species. Raised and trained near San Francisco, she has studied modified American Sign Language for 25 years and is now said to understand some 2,000 words of spoken English.

But only a few of these were put into play during Monday's discussion.

Kevin Connelly, a spokesman for the Gorilla Foundation, said the cyberchat had gone as well as could be expected and that Koko had actually been cut off at times because the human entering her responses could not type fast enough.

Koko herself seemed unimpressed. After stop-and-go conversation, the gorilla finally pulled the plug on her Internet audience with a short, sharp command: "Lights off. Good." Koko said.

(Reuters)

• **I NEED TO SEE SOME I.D.:** Forget your personal identification number — if you ever managed to memorize it. New cash machines to be unveiled in Britain on Thursday will do away with secret codes and dispense money at the blink of an eye.

The manufacturers said the system, which they described as the first of its kind in the world, would be secure. Customers will have a digital picture of their iris taken the first time they go to the bank. A camera mounted on the cash machine will scan their eye every time they want to withdraw money. Only if the iris matches the details stored in a central data base will the transaction proceed.

"The system is foolproof because each person's iris is unique and above all the iris doesn't change throughout life, so it's safer than fingerprints," said

Richard Lander, a spokesman for NCR Financial Solutions Group of Britain, a subsidiary of NCR Corp. of the United States.

NCR Financial Solutions, a maker of automated-teller machines that developed the system with Sensar Inc., said the iris technology could have other uses. "Standard machines are already used to sell cinema tickets, or for stock certificates," Mr. Lander said.

The iris-recognition technology, developed in Scotland, will first be available to customers at a branch of the Nationwide Building Society in Swindon, England. While Britons are happy to embrace new technologies to meet their banking needs, they have no intention of giving up their local branch, according to the results of a poll released Wednesday.

(Reuters)

• **YOUR CHECK'S IN THE E-MAIL:** The U.S. Treasury will launch an electronic check pilot program before the end of the year to streamline its payments to government vendors, said John Hawke, undersecretary for domestic finance.

The government and recipients of the e-check will have a computer chip-armed smart card, which can be plugged into a personal computer. Once transmitted, the check is endorsed with a digital signature, Mr. Hawke said.

(Bloomberg)

Tariff-Fall  
As NAFTA  
Speed-Up

CURRENCY



THURSDAY, APRIL 30, 1998

PAGE 13

## Tariffs Fall As NAFTA Speeds Up

### 3 Partners to Drop Levies On Hundreds of Products

Compiled by Our Staff From Dispatches  
PARIS — The United States, Canada, and Mexico agreed Wednesday to eliminate tariffs on items accounting for \$1 billion in trade at a meeting of the North American Free Trade Agreement.

The agreement, which takes effect Aug. 1, means that tariffs for some products will be removed as much as a decade ahead of the original NAFTA schedule. For example, tariffs on some U.S. watch exports to Mexico were not due to expire until 2008, officials said.

Commerce Secretary Herminio Blanco of Mexico said textiles, including wool and synthetic fibers, were among the most important items for Mexico among the several hundred products whose tariffs will be dropped.

"Some sectors are still pending, but we can see that this is a very helpful package," Mr. Blanco said.

NAFTA was established in 1994 and groups Canada, Mexico and the United States in a market of 400 million consumers.

The NAFTA meeting came after a two-day conference of the Organization for Economic Cooperation and Development, which brings together the world's 29 most industrialized nations.

Officials said that it was difficult to estimate how much companies would save as a result of the latest tariff accord. Mexican duties on imports from Canada and the United States average about 4 percent, while Mexican exports to the United States are subject to tariffs averaging about 2 percent, according to trade officials attending the meeting.

The deputy U.S. trade representative, Richard Fisher, said Mexico, Canada and the United States had total trade in 1997 of about \$500 billion.

Of the products that will no longer be subject to tariffs, the most important to the United States are those in the chemical sector.

Herbicides, cordage, bedspreads, certain steel wire and toys are among the products affected by the accord.

The officials would not say what products they had failed to agree on. But they called for further tariff elimination.

"We are always seeking to perfect NAFTA," Mr. Fisher said.

At the same time, the participants in the meeting said they would push for rapid progress in talks that may turn the Americas into the world's largest free trade zone.

The leaders of all the countries in the Americas except Cuba met in Santiago this month, where they reaffirmed their commitment to establish a hemispheric free-trade zone by 2005.

The next NAFTA ministerial meeting is scheduled to take place in Canada early next year. It will mark the fifth anniversary of the agreement that was designed to eliminate trade barriers in North America.

### Talks to Cover U.S.-Japan Issue

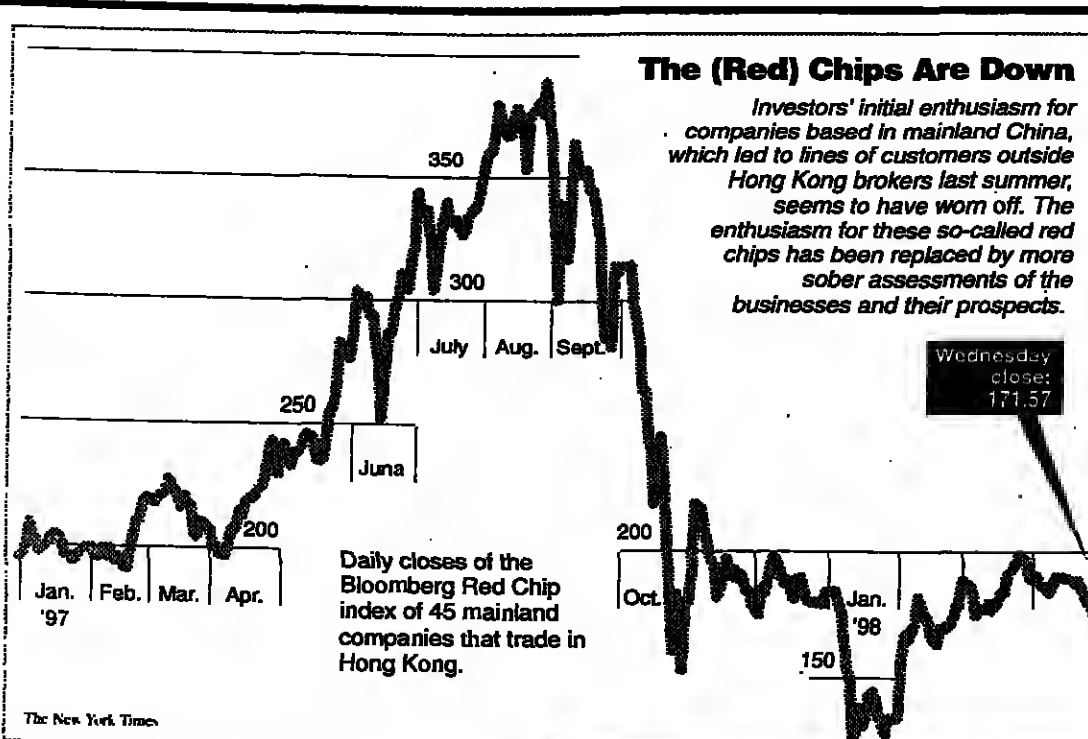
U.S. efforts to persuade Japan to produce detailed plans to open its markets in key sectors such as telecommunications are likely to be the key issue at four-way trade talks Thursday, Agence France-Press reported from Paris.

Trade ministers from the so-called quadrilateral group — the United States, Japan, Canada and the European Union — are to meet for formal talks in Versailles, just outside the French capital.

The U.S. trade representative, Charlene Barshefsky, was due to meet with Mitsuo Horiuchi, the Japanese minister for international trade and industry, Thursday before the talks begin.

After lower-level officials from the two countries met Tuesday in Paris, a senior U.S. official said that there had been "limited progress" but much remained to be resolved.

Washington wants Tokyo to come up with "specific steps" on opening key market sectors that can be announced when President Bill Clinton meets with Prime Minister Ryutaro Hashimoto during the May summit meeting in Britain of the Group of Seven leading industrialized nations, the official said.



A housewife in Hong Kong checking a bank's stock prices, which, for red chips, keep showing a descent since the heady days of handover last year.

## Hong Kong's Red Chips, as in Red Hot, Turn Cold

By Mark Landler  
New York Times Service

HONG KONG — China may now be the undisputed mler of this former British colony, but some of China's most prominent public companies are feeling less welcome here today than they did before last year's handover.

A year ago this month, investors were surging into banks and brokerage firms to snap up shares of mainland Chinese companies newly listed on the Hong Kong Stock Exchange. Today, the bosses of some of these companies could not draw a crowd if they stood on street corners and hawked the shares themselves.

Red chips, as these stocks are called, have caught the flies.

From Citic Pacific to Beijing Enterprises to Guangdong Investments, Hong Kong companies controlled by China have fallen into disrepute among investors. The Bloomberg index of red-chip stocks has plunged 44.37 percent since last October, when the Hong Kong markets began their downward spiral.

That slide is even steeper than the broader Hang Seng index, which dropped 29.87 percent in the same period.

"Investors want to see more focused companies," said John Pinkel, the head of China research at Merrill Lynch (Asia Pacific) Ltd. "They don't see why there should be a handful of diversified conglomerates in Hong Kong that are in the brewing business, the tannery business and the cement business."

Mr. Pinkel said the success of China Telecom, a cellular-telephone company that went public last October, suggests a new model for red chips — one focused on a single business rather than straddling many industries. On Tuesday, the company extended its reach by agreeing to acquire a cellular carrier in Jiangsu Province for \$2.9 billion.

In a way, the woes of the traditional red-chip companies simply reflect a more realistic view of the Chinese market. Last spring, in the supercharged atmosphere of Hong Kong's impending return to China, investors here clamored for any company even remotely connected to the mainland. Foreign in-

vestors joined the rush, buoyed by the belief that China was on the fast lane to becoming an economic superpower.

Now, though, the handover is old news and China's growth prospects seem shakier than they have for several years. In this more sober environment, investors here and in the United States are starting to put Chinese companies under the same microscope they would use on IBM or General Motors.

"The initial rush to buy red chips was from people who were really buying GDP growth in China," said Joseph Ravitch, a banker who heads the communications and media practice at Goldman, Sachs in Hong Kong.

"Now, managers and investors appear to be focusing on real earnings and shareholder value."

By those standards, many of the red chips are a sucker's bet. The typical mainland Chinese company based in Hong Kong is less a corporation than a grab bag of assets. Although some show impressive earnings growth, it is usually because they are continually

acquiring assets — power plants, breweries, toll-road franchises and the like — from their corporate parent across the border.

The financial reporting standards used by red chips still fall short of U.S. and many other foreign companies. While most are audited by Big Six accounting firms, their balance sheets are frustratingly opaque. Analysts argue that when the supply of fresh assets dries up, the red chips will look like Chinese versions of ITT Corp. and other conglomerates that went out of style in the United States in the 1970s.

The rationale for starting red chips is still alluring: Register a company in Hong Kong and use it as a repository for assets owned by the Chinese government or various Chinese municipalities. Then take the company public and drop broad hints to investors that the company's politically well-connected managers will obtain more valuable assets at bargain prices. With China privatizing tens of thousands of businesses, such companies would seem to be a good bet.

## WALL STREET WATCH

## Even the Bulls Are Getting Bearish on U.S. Stocks

By Robert O'Harrow Jr.  
Washington Post Service

NEW YORK — Several of the market's most bullish strategists have joined Wall Street's bears in saying that a combination of declining corporate profits, high stock values and the specter of inflation have made a U.S. stock price correction almost inevitable this spring.

Even if the U.S. Federal Reserve does not raise interest rates next month as many investors feared on Monday, Wall Street probably will experience a pullback that could take stock prices down 10 percent or more from recent highs, senior market analysts say.

On Monday, the market tumbled almost 2 percent on a report that in March, the Fed adopted a "his" toward increasing interest rates.

But stock prices stabilized Tuesday after some Fed officials were reported as saying they were reassured by recent data that suggested the economy was slowing.

The Dow Jones industrial average closed higher on Wednesday, rising on optimism that a buoyant economy will lift corporate profits. The Nasdaq composite index, which contains many technology bellwethers, also rose. (Page 14)

Analysts said Tuesday that no matter what the Fed does at its next meeting, the market likely will slide for several weeks in a natural response to the extraordinary run that has driven stock

prices to record highs in recent months.

"The very short term, I think, is obviously very negative," said Don Kapanakakis, senior market analyst for Merrill Lynch & Co., who is among the bulls who are turning cautious.

He said the "ultimate worst-case scenario" would have the Dow dropping to 8,500 before bouncing back later this spring.

"We're obviously in a corrective phase. It's a temporary setback," he said, adding, "Buyers are still positive. You still have significant potential for highs."

Mr. Kapanakakis and other analysts cited a variety of indicators suggesting a pullback was in the offing. Fewer stocks were rising in recent weeks. The average valuation of stocks hit new highs, about 23 times estimated 1998 earnings. At the same time, corporate profits appeared to be waning.

Add in doubts about the direction of interest rates or the prospect of inflation, the analysts said, and the market becomes poised for a fall.

A. Marshall Acuff, an equity strategist at Salomon Smith Barney who also has been a bull, said the plausibility of reports the Fed might raise interest rates plays havoc with the market.

"The word is out on the Street: The Fed is concerned," Mr. Acuff said. "People are going to start getting more nervous." He added, "You're going to get more volatility."

Mr. Acuff also said a 10 percent correction would be perfectly normal

after the run stocks have had so far this year. He said the downturn probably began several weeks ago.

"This whole story began at the beginning of April," Mr. Acuff said. "The ingredients are there for a correction."

Some others are more pessimistic. Gail Dudack, chief investment strategist for UBS Securities and a persistent bear, said she believed the market was overvalued by as much as 20 percent.

With the inevitable decline, which she said may come later than some others have suggested, stocks could drop 20 percent or more.

Ms. Dudack said she would welcome anything that would pull the market back out of its "mania" stage and put it back on a sensible course.

She declined to predict when the correction would begin, but said one was almost certainly inevitable, with or without an interest rate rise this spring.

"It doesn't take much to create a correction in this market," Ms. Dudack said. "When you're in a mania, you can't predict when it's going to start and when it's going to end."

But Ralph Acampora, chief technical analyst for Prudential Securities and one of the market's leading bulls, said he believed that any decline in the market would be just a necessary and temporary hitch on the way up.

Mr. Acampora stood by his prediction Monday that the Dow could dip as low as 8,200 before resuming its rise to 10,000 later in the year.

"We've had a 1,800 point run-up in four months. You don't have to be a technical analyst to say that's a little extreme," Mr. Acampora said.

"There's an element of pain pretty soon. I think it's a long overdue correction."

Steve Shotin, chief technical analyst at Lehman Brothers Inc., who also has been bullish, agreed that a correction was overdue.

But he suggested that, based on past patterns, the market could stutter until sometime in June before it begins to rise steadily again.

"We gorged ourselves," he said, "and we're going to have to sit back and resolve the excesses."

## Asia Hopes To Ward Off Future Crises

### Finance Chiefs Approve Early Warning System

GENEVA — Asian finance ministers meeting here have agreed to set up a surveillance system designed to give early warning of future economic crises, the vice president of the Asian Development Bank said Wednesday.

Bong Suh Lee said the bank hoped the regional warning system would improve transparency in Asia by collecting data to avoid crises like the one last year.

"Asian countries have asked that ADB take on responsibility for the creation of an early warning system," Mr. Lee said. "Our official position is that we are happy to do this."

Finance ministers and central bank governors from most of Asia are in Geneva for the annual conference of the Manila-based development bank, seeking remedies for their economic ills.

The idea for an early warning system was endorsed Tuesday at a meeting here of finance ministers of the Association of South East Asian Nations.

Mr. Lee said details of the proposal had not been worked out but added that an agreement to set the system up was likely to be announced at the Geneva meeting, which ends Thursday.

Joseph Yam, chief executive of the Hong Kong Monetary Authority, said discussions were continuing on the plan but he was cautious. "There is a need for mutual surveillance but it's got to be implemented, it's got to be discussed as to how a mechanism could be created," Mr. Yam said.

"It is not in the culture of Asian economies for this sort of mutual surveillance," he added.

Mr. Lee did not say how the International Monetary Fund's regular surveillance of the regional economies of Asia would fit in with the development bank's plan or if the United States might also be invited to join.

"It is a system to know exactly what is going on," he said. "We have to know more about overall bank loans, bank borrowings, the composition of bank borrowings and which sectors the loans are going to."

Asian Development Bank officials hoped the new body would be joined by the members of ASEAN — Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam — and non-ASEAN members such as Japan.

The ASEAN finance ministers were likely to have further talks on the issue when they meet again Thursday. They are expected to be joined by Japan's deputy finance minister, Eisuke Sakakihara, who is known as "Mr. Yen."

### Call for China to Join WTO

Thailand's deputy prime minister, Panitchpakdi Supachai, called Wednesday for China to be admitted to the World Trade Organization as soon as possible on special transitional terms. Reuters reported.

"China must be part of the WTO, and must be part of the WTO as soon as possible," said Mr. Supachai at a seminar on trade at the Asian Development Bank meeting.

Other countries should show more understanding for the problems of the Asian giant, which has been negotiating for 13 years to get back into a world trading system it left after the Communist takeover in 1949, he said.

"I think we must understand the Chinese purpose for a gradualism approach," Mr. Supachai said. "It is not because they want to avoid toying, or conforming to the line of, the WTO."

## Reader's Digest Gets New Chief

The Associated Press

NEW YORK — Reader's Digest Association Inc., struggling to revive its business, has named an American Express Co. executive, Thomas Ryder, as its new chairman.

Mr. Ryder, 53, built American Express's magazine business. He replaces George Grune, who had been brought out of retirement in August to run Reader's Digest while it searched for a new leader. Mr. Ryder will also serve as chief executive of Reader's Digest.

Mr. Ryder's appointment, announced after markets closed on Tuesday, sent Reader's Digest stock up 31.25 cents to \$26.0625 per share Wednesday on the New York Stock Exchange.

Reader's Digest said Mr. Ryder would assume his new posts immediately.

The publisher of the world's largest-circulation magazine has been battling declining earnings and a plunging stock price as its core audience of older readers has been shrinking and its promotional offers have enticed fewer customers.

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**Wednesday's 4 P.M. Close**

The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
*The Associated Press*

[illegible][illegible]

12 Month	High	Low	Stock	Div	Yld	PE	52w	High	Low	Latest	Close
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[illegible]

12 Month High Low Stock Div Yld PE 100% <sup>52s</sup> High Low Latest Chge

[illegible]

12 Month High Low Stock Div Yld PE 100s High Low Latest Crgo

[illegible]

12 Month		Stock	Div	Yld	PE	Stk	100% High	Low	Latest	Chgo
High	Low									

[illegible]

12 Month High Low	Stock	Div Yld	PE	100s High	Low	Latest	Change
12 1/2 - 12 1/4	12 1/2	12 1/4	12 1/2	12 1/4	12 1/2	12 1/4	+1/4

ABRAHAM, JAMES	25	M	5' 10"	160	B	B	F	N			
ABRAHAM, JOHN	28	M	5' 8"	150	B	B	F	N			
ABRAHAM, WILLIAM	30	M	5' 12"	170	B	B	F	N			
ABRAHAM, WILLIAM	32	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	35	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	38	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	40	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	42	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	45	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	48	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	50	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	52	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	55	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	58	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	60	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	62	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	65	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	68	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	70	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	72	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	75	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	78	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	80	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	82	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	85	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	88	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	90	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	92	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	95	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	98	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	100	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	102	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	105	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	108	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	110	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	112	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	115	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	118	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	120	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	122	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	125	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	128	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	130	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	132	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	135	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	138	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	140	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	142	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	145	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	148	M	5' 10"	160	B	B	F	N			
ABRAHAM, WILLIAM	150	M	5' 10"	160	B	B	F	N			

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12 Month High Low Stock Div Yld PE 100s High Low Latest Close

[illegible]

12 Month Div Yld PE 100s High Low Last Chg

1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

Continued on Page 18



ASIA/PACIFIC

# IMF Asks 'Extra Effort' of Jakarta

SINGAPORE — Indonesia will have to work doubly hard to restore confidence to its economy, an official of the International Monetary Fund said Wednesday, amid mounting protests over the government's handling of the country's financial crisis.

"It is also clear that authorities need to make the extra effort because of the time they have lost in convincing the private sector at home and abroad that they were serious in carrying out reforms," said Flemming Larsen, deputy director of research for the IMF.

But he said he was confident the Fund's third help agreement with Jakarta, reached this month, would help alleviate Indonesia's economic problems.

Indonesian stocks fell sharply on fears that the IMF might delay part of its \$40 billion rescue package. IMF officials are scheduled to meet Monday in

Washington to decide whether to approve the next loan included in the rescue package. Loans had been suspended amid concerns that President Suharto was backtracking on pledges to reform the economy.

Jakarta's benchmark composite index slipped 20.39 points, or 4.19 percent, to close at 465.25.

Bank Indonesia, meanwhile, said Wednesday that it had met the performance criteria on monetary indicators set by the IMF for April 24.

But Standard & Poor's Corp. expressed concern Wednesday that the restructuring of the Indonesian banking sector was not proceeding as quickly as first believed, and lagged behind that of regional neighbors such as Thailand and Malaysia.

The Fund's liaison officer for Indonesia, Prabhakar Narvekar, said he believed there was no problem with implementation. (AFP, AP, Reuters)

## Fraud Case Touches Deng Clan

SHANGHAI — China is pressing criminal fraud charges against top executives of a publicly traded company in a politically charged scandal that brushes close to the family of Deng Xiaoping, the late paramount leader.

Official media reported Wednesday that Ma Yue, former chairman of Minyuan Modern Agriculture Development Co., and other associates would face criminal proceedings for suspected fraud in the company's financial statement.

Chinese authorities also fined a Minyuan shareholder, Shenzhen Nonferrous Metals Finance, and seized illegal profits that it made from trading in Minyuan's shares on the Shenzhen Stock Exchange.

The shareholder's corporate parent, China National Nonferrous Metals Corp., was headed by Wu Jianchang, a son-in-law of Mr. Deng, until early this year.

Minyuan, which is based in the southern province of Hainan, was suspected of fraudulently adding more than 1 billion yuan (\$120.8 million) to its 1996 accounts, Shanghai Securities News reported.

It said Minyuan also was found to have violated tax laws and regulations governing land administration and joint-venture regulations.

Shenzhen Nonferrous had helped finance purchases of Minyuan shares before the announcement of the sharply improved profit for 1996.

Minyuan's shares were suspended from trading in early March 1997 after the stock price rocketed.

Shenzhen Nonferrous and another Minyuan shareholder, Minyuan Hainan, made combined profits of more than 130 million yuan. The illegal profits were seized and each company was fined 2 million yuan, according to the official report.



**BANKERS' RALLY** — Chaiyawat Wibulswadi, governor of the Thai central bank, addressing supportive employees Wednesday. He and the bank have come under fire in the wake of the crisis.

## Rising Baht Helps Siam Net

BANGKOK — Thailand's largest conglomerate, Siam Cement PCL, said Wednesday a foreign-exchange windfall from the strengthening baht helped it post a profit in the first quarter.

The company, which makes about half the cement used in Thailand, said consolidated profit in the first quarter was 24.3 billion baht (\$626.3 million), compared with a loss of 30.6 billion baht in the fourth quarter. Siam Cement earned 1.9 billion baht in the first quarter of last year, before Thailand devalued its currency.

But the company said its profit before foreign-exchange gains fell 19 percent, to 1.5 billion baht. The drop was due primarily to "the higher cost of interest payments on offshore loans made in foreign currencies," the company said. Revenue from exports doubled, helping compensate for a 22 percent decline in domestic sales. Consolidated revenue rose 2 percent, to 32.6 billion baht.

Analysts said they were encouraged by Siam Cement's first-quarter earnings despite the large proportion of foreign-exchange gains, but they warned that the company still stood to suffer from the economic downturn.

Siam Cement shares rose 4 baht, to 438. (Bloomberg, AFP)

## Seoul's New Targets

### Accord With IMF Paves Way for More Aid

SEOUL — South Korea and the International Monetary Fund agreed Wednesday on new targets for the country's economy, including a forecast of the first recession since 1980, in a review that will pave the way for more international aid, an IMF official said.

The IMF and the government agreed that the economy will shrink 1 percent this year, down from their projection of 1 percent growth made in February. After two weeks of talks, they also agreed to let the government run a larger budget deficit than earlier planned.

The budget deficit now will be allowed to be equal to 1.75 percent of gross domestic product, up from 0.8 percent. This is a reflection of the shrinking economy and will enable South Korea to budget more funds for the jobless after the unemployment rate surged to a 12-year high of 6.5 percent in March.

The talks were part of the second quarterly review of the economy since the IMF arranged a record \$60 billion bailout in December to prevent South Korea from going broke.

John Dodsworth, an IMF representative in Seoul, said, "We are hopeful the new program will be brought to the IMF board by the third week of May."

South Korea needs to keep the IMF happy to keep receiving aid and to bolster its foreign-currency reserves. Any disagreement, as has occurred between the IMF and Indonesia, could dent the foreign investors' confidence and send financial markets into a tailspin.

The IMF, which has lent \$15 billion to South Korea since December, will disperse about \$2 billion in May, pending the board's approval.

Meanwhile, government figures released Wednesday showed that tight economic policies have cut into South Korea's industrial production in March but resulted in a substantial surplus on the current account.

Industrial output in March fell 10.1 percent from a year earlier, compared with a 7.1 percent annual rise seen in March 1997, the National Statistical Office said.

The central bank, the Bank of Korea, reported a current-account surplus of \$3.70 billion in the month, compared with a \$1.81 billion deficit a year before.

"Domestic demand for consumption and investment was simply collapsing after the International Monetary Fund imposed the austerity economic regime last December," said Kwon Oh Bong, director of the office's industrial trends division. (Bloomberg, Reuters)

## Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
13000		2000		17000	
12000		1800		17000	
11000		1600		16000	
10000		1400		15000	
9000		1200		14000	
8000		1000		13000	
N D J F M A M J A S O N D		N O J F M A M J A S O N D		N O J F M A M J A S O N D	
1997		1997		1997	
1998		1998		1998	
Exchange	Index	Exchange	Index	Wednesday Close	Prev. Close Change
Hong Kong	Hang Seng			10,471.15	10,678.61 -1.94
Singapore	Straits Times			1,502.11	1,481.77 +1.37
Sydney	All Ordinaries			2,749.10	2,781.30 -1.16
Tokyo	Nikkei 225			Closed	15,395.43
Kuala Lumpur	Composite			622.63	620.79 +0.33
Bangkok	SET			412.25	419.55 -1.74
Seoul	Composite Index			417.05	402.39 +3.64
Taipei	Stock Market Index			8,348.35	8,434.67 -1.02
Manila	PSE			2,133.99	2,126.69 +0.34
Jakarta	Composites Index			4,65.247	4,65.841 -4.20
Wellington	NZSE-40			2,250.13	2,240.09 +0.45
Bombay	Sensitive Index			3,970.28	4,082.85 -2.76

Source: Telexurs

Illustration: David T. Brown

## Very briefly:

- France's president, Jacques Chirac, on a state visit to Japan, said he was confident of a recovery in the Japanese economy with growth at "around 2 percent" for the year ending in March 1999.
- Hong Kong's new mortgage lending jumped 54.4 percent in March, to 12.6 billion Hong Kong dollars (\$1.63 billion), after hitting a two-year low of 8.2 billion dollars in February, the Hong Kong Monetary Authority said.
- Burma's military regime has ordered air courier companies not linked to Myanmar DHL Ltd., its joint-venture with DHL Worldwide Express, to cease operations, a junta information sheet said.
- PT Indocement Tungal Prakarsa, one of Indonesia's big three cement makers and the fifth-largest company on the Jakarta stock exchange, posted a 378 billion rupiah (\$46.8 million) loss in 1997, compared with a profit of 551 billion rupiah in 1996, as the rupiah's collapse continued to hurt.
- Singapore Airlines Ltd. said it had expressed interest in buying a stake in Thai Airways International.
- Delphi Automotive Systems, a unit of General Motors Corp., and Shanghai Car Air-conditioner Co. have set up China's largest car air-conditioner joint venture in Shanghai, Business News reported.
- Beijing plans to spend 116.5 billion yuan (\$14.07 billion) on a massive public-works program, including completing a subway through the heart of Beijing and building a new "quick-response" railway system, the official China Daily reported. The program is expected to be completed in time for next year's 50th anniversary of the founding of the People's Republic of China.
- AXA Investment Managers agreed to buy Barclays Global Investors Hong Kong Ltd. from Barclays Bank PLC. Financial terms of the deal were not disclosed.
- India's central bank announced a 1 percentage point cut in the bank rate, to 9 percent, as part of wide-ranging measures to combat an economic slowdown. (AFP, Bloomberg, Reuters, AP)

**EDAP TMS S.A.**  
4, rue du Dauphiné, 69120 Vaulx-en-Velin, France

**NOTICE OF ANNUAL GENERAL SHAREHOLDERS' MEETING**  
Shareholders are convened to attend a General Meeting to be held on May 14th, 1998, at 10:30 a.m. (French Time), at "La Cour des Loges", 5 Rue du Bouff, 69005 Lyon, France, to consider the following agenda:

**Agenda related to the decision of Ordinary Annual Shareholders Meeting:**

- Approval of Executive Board's report on 1997 financial statements, approval of Supervisory Board's report;
- Approval of the statutory auditors' report on 1997 general and consolidated statements;
- Approval of statutory auditors' special report;
- Approval of 1997 financial statements;
- Attendance fees to the Supervisory Board members;
- Ratification of a new member of the Supervisory Board;
- Renewal of the Supervisory Board's members appointments;

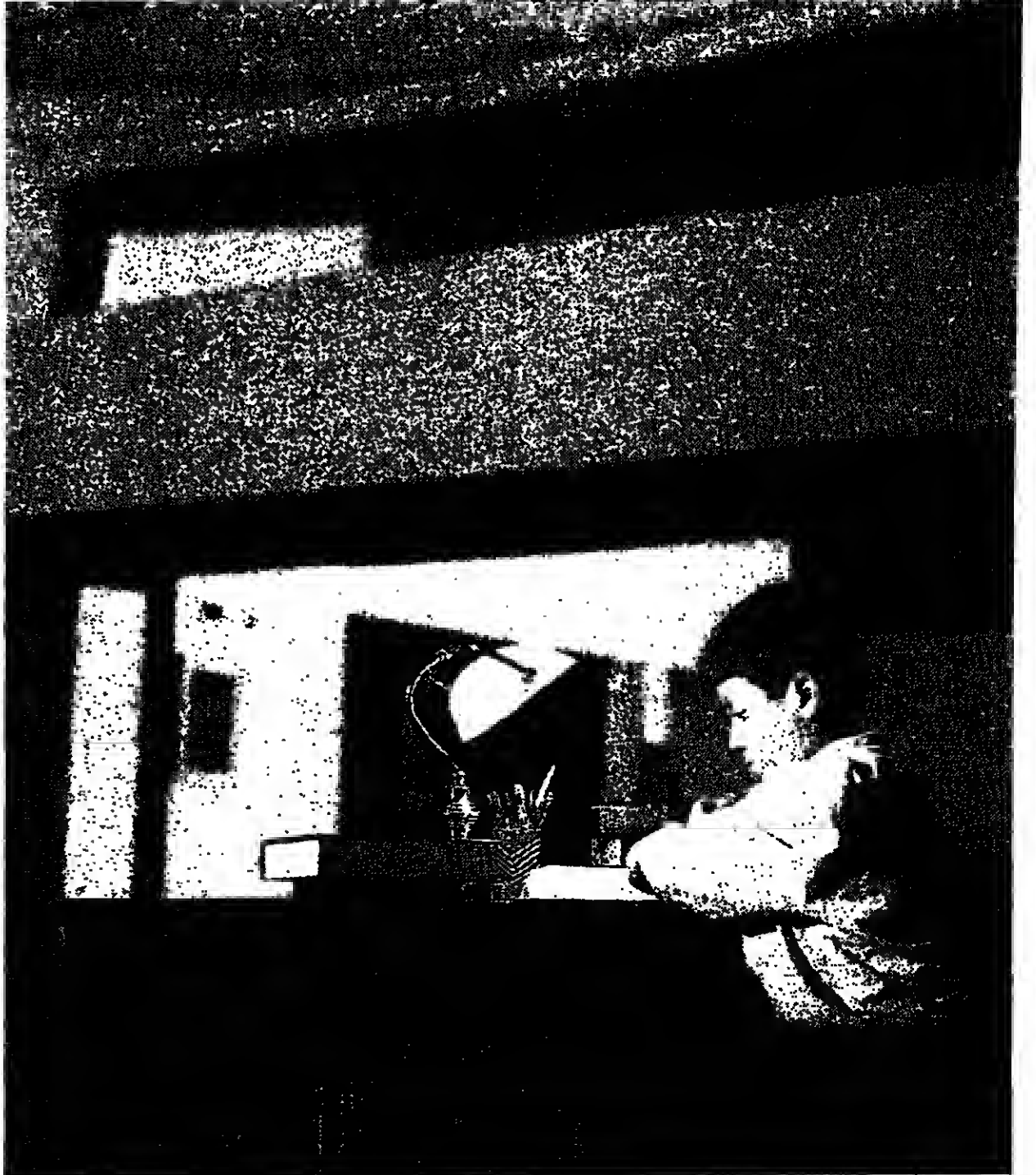
**Agenda related to the decision of Extraordinary Annual Shareholders Meeting:**

- Authorization to the Executive Board to purchase shares of the Company necessary to grant to employees new share purchase options.

**INGERSOLL-RAND COMPANY (CDR)**

The undersigned announces that as from 4 May, 1998, at Kas-Associatie N.V., Spuisstraat 172, Amsterdam, div. epa. no. 102 of the CDR's Ingersoll-Rand Company cash rep. 5 shares will be payable with NLG. 1.29 net. (div. per rec. date 18.11.97: gross S 0.15 psh.) after deduction of 15% USA-tax = S 0.1125 - NLG. 0.22 per CDR Div. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA-tax (= S 0.1125 = NLG. 0.22 with NLG. 1.07 net)

**AMSTERDAM DEPOSITARY COMPANY N.V.**  
Amsterdam, April 27, 1998



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Chaitra Leo Burnett M SID 8014/97

This announcement appears as a matter of record only.

**\$180,000,000**

**CASTLE HARLAN PARTNERS II, L.P.**

has sold

**MAG AEROSPACE INDUSTRIES, INC.**

10

**ZODIAC S.A.**

The undersigned assisted in the negotiations and acted as advisor to Castle Harlan Partners II, L.P.

**CASTLE HARLAN, INC.**

New York

April 30, 1998



The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.  
The Associated Press.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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**WORLD ROUNDUP**



Fernando Meligeni heading for victory over Yevgeni Kafelnikov.

**Seeds Tumble**

**TENNIS** All four seeds in action lost Wednesday in the BMW Open in Munich. Mark Philippoussis, the title holder, lost to Nicholas Escude 6-4, 7-6 (7-4). Gustavo Kuerten, the French Open champion, lost, 7-6 (7-2), 6-3 to Swedish veteran Magnus Gustafsson.

Top seed Greg Rusedski suffered his worst professional loss, 6-4, 6-0, to German Oliver Gross, the world No. 121. Fellow Briton Tim Henman, seeded No. 4, also won four games, losing 6-3, 6-1, to Swede Thomas Nydahl.

Fernando Meligeni, a Brazilian ranked 77th, upset Yevgeni Kafelnikov, the No. 2 seed, 6-4, 6-4, in the Prague ATP event.

Peter Graf, the father of Steffi Graf, was released from prison Wednesday after serving more than half of his almost four-year sentence for tax evasion.

Marcelo Rios, recovered from an elbow injury, will compete next week in Hamburg, his trainer Manuel Astorga said. (AP, Reuters)

**Bosnia Joins Europe**

**SOCCER** Two clubs from Bosnia-Herzegovina will take part in next season's European competitions, UEFA announced Wednesday at its congress in Dublin.

Bosnia has three soccer clubs: Muslim, Croat and Serbian. Croat and Muslim teams will enter a six-team playoff. The winner will go into the Champions Cup and the runner up will go into the UEFA Cup. The Serbs have refused to take part. The playoff must be approved by the United Nations Task Force. (AP, Reuters)

**Shallow Thinking**

**BASEBALL** Rick Donnelly, Florida Marlins coach, saw possibilities in the swimming pool beyond the center field fence at the new Bank One Ballpark in Phoenix. "They should make that pool in play because it's only three feet deep. Then if a guy hits one in there, the outfielder has to go in and get it. Theo you'd have some action."

"You know how pitchers say, 'He took me deep?' Well, if they hit one in there, they'd have to say, 'He took me shallow.'"

# Hungry Wolves Put Sonics' Backs to Wall

Peeler Powers Minnesota to 2-1 Series Lead

The Associated Press  
The Minnesota Timberwolves achieved another playoff first against the Seattle SuperSonics, who have been in this spot many times before.

The Wolves, who won the first playoff game in the history of their franchise

**NBA PLAYOFFS**

on Sunday, won their first home playoff game Tuesday night, showing surprising poise and confidence in defeating the playoff-tested Sonics, 98-90.

With one more victory, either Thursday night at Minneapolis or Sunday back at Seattle, the Wolves can have their first playoff-series triumph. They lead the best-of-five matchup, two games to one.

"It's amazing to be in the situation we're in," said Anthony Peeler, who led the Wolves with 20 points. "But we have to close it out on Thursday."

The Sonics, champions of the Pacific Division, trailed Phoenix, 2-1, in the first playoff round last year before winning the last two games. In 1994, they became the first No. 1 seed to lose to a No. 8 seed when they lost a series to Denver. Seattle hasn't lost three straight games all season.

Peeler shot a combined 7-for-32 in the first two games, a shortcoming he overcame with 24 rebounds. In Game 3, he was 7-for-15, including 4-for-7 from 3-point range.

That included a 3-pointer for an 83-76 lead with 5:58 to play during a 21-4 surge in which Seattle fell apart and the Wolves capitalized on nearly every opportunity.

"Whenever we get tired, we know they're an older team and we know they're more tired than us," Peeler said.

Kevin Garnett and Sam Mitchell each had 19 points for the Wolves, who have won seven straight at home, extending the franchise record they set by winning their last six regular-season games at Target Center.

Gary Payton scored 26 points for the Sonics, who led by as many as 11 in the first quarter.

"I was disappointed in the defensive end of the court," said George Karl, the Seattle coach. "It was astounding to me that we would be as unaggressive, soft."

Hawks 98, Hornets 64 Atlanta, after blowing double-figure leads to lose each of the first two games, limited Charlotte to the lowest playoff point total in NBA history.

The Hornets, who still lead the best-of-five series 2-1, tied the record for fewest points set by Portland in a 1996 postseason game at Utah and equaled by Orlando against Miami last year.

"We played to our strength," said Steve Smith, one of six Hawks in double figures with 15 points. "Our strength is defense."

The Hawks, primarily Tyrone Corbin, did a magnificent job shutting down Glen Rice, who averaged 29 points in the two victories at Charlotte. He had only eight points in Game 3 and was 3-of-13 from the field.

Anthony Mason, with 12 points, and

Vlade Divac with 11 were the only Hornets to reach double figures.

Trail Blazers 99, Lakers 94 Damon Stoudamire scored nine of his 18 points in a fourth-quarter surge as Portland overcame Shaquille O'Neal's 36-point, 16-rebound performance to beat Los Angeles.

Walt Williams scored 17 points as the Blazers' reserves outscored their Laker counterparts, 26-12. Isaiah Rider had 18 points and 10 rebounds.

O'Neal was 16-for-23 from the field, including 6-for-7 in the fourth quarter, but made only four of 12 free throws, including two misses with 59 seconds remaining and the Lakers trailing 94-90.

With Portland leading, 95-91, Eddie Jones threw the ball away trying to get it to O'Neal. Rider put the game away with four free throws in the final seconds.

**Pistons Rehire Gentry as Coach**

Even though the Pistons lost more than they won, the aggressive play of the NBA team was enough for Detroit to rehired Alvin Gentry as its head coach. The Associated Press reported from Auburn Hills, Michigan.

Detroit missed the playoffs and finished 16-21 under Gentry, who took over Feb. 2 after the firing of Doug Collins. Terms of the deal were not disclosed.

# Heat and Knicks Are Tough to Watch

The Associated Press  
The gestures are even, the series is

out.

A little more than four minutes remained Tuesday night in the third game of the Heat-Knicks opening-round playoff series when Miami's Eric Murdock sank a 3-pointer and then, while heading back upcourt, very slowly drew his index finger across his throat.

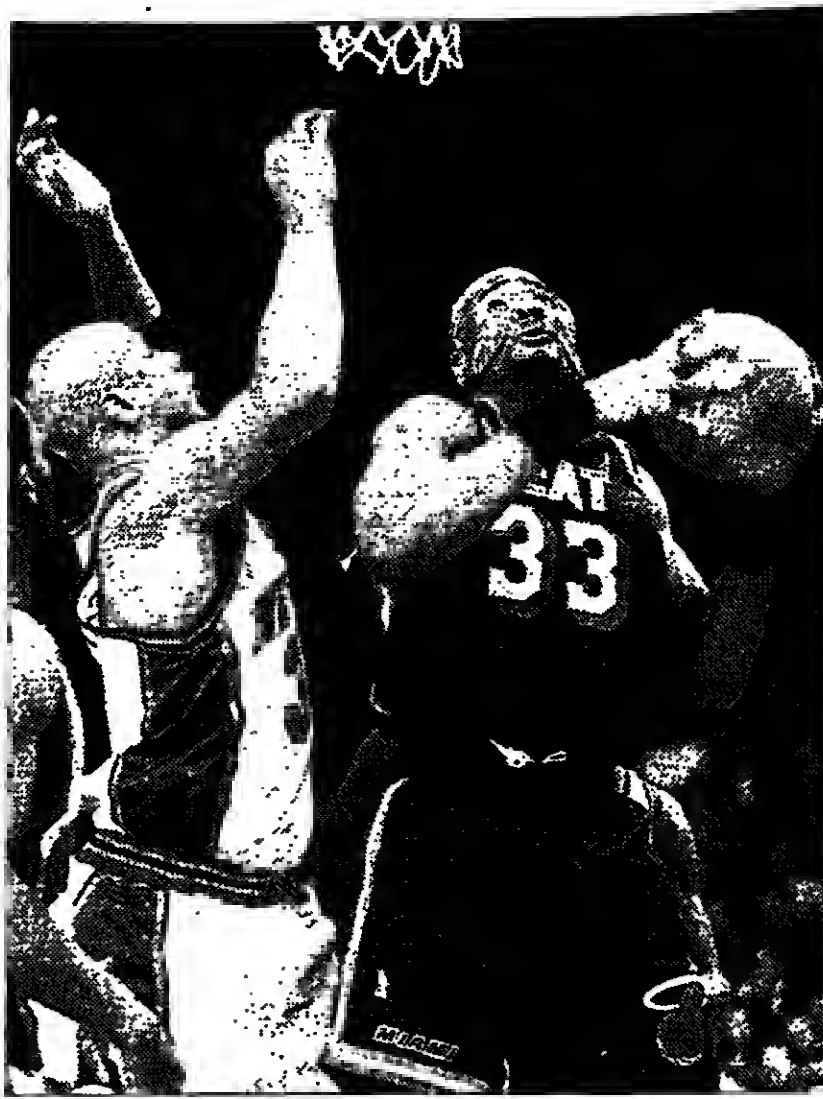
The gesture was premature — New York made one last run and whittled that nine-point lead to 87-83 with 55.9 seconds left. But Murdock could barely contain himself. He was in that much of a hurry to pay back Chris Childs for the same kind of symbolic throat-slashing the Knicks guard performed after he made a big shot in the closing moments of New York's win in Game 2.

"It was something that was stupid. I shouldn't have done it," Murdock said after Miami won 91-85 and claimed a 2-1 edge in the best-of-five series.

Fans spent nearly three hours watching a game that only disaffected hockey fans would have found entertaining.

Before the Heat and Knicks were there, there was more whistling inside Madison Square Garden than outside at a construction site in midtown Manhattan in a week. In between was a nearly endless sequence of pushing, shoving, clutching, grabbing, hacking, slapping, bumping and grinding — 61 fouls in all, nearly split down the middle.

Maybe a tough town needs a tough team — New Yorkers excuse what the



Alonzo Mourning, the Miami Heat's center in a protective plastic mask, maneuvering past Terry Cummings of the New York Knicks for a shot.

**Vantage Point/ JIM LITKE**

Knicks play as "city ball." So maybe Miami had no choice but to play tough. But maybe not. In fact, not even close.

The common denominator, of course, is Pat Riley, who coached in New York before fleeing to Miami, the same Pat Riley who figured out soon after leaving Los Angeles and "Showtime" behind that his future as a coach would depend as much on terror as talent.

The artist that lurks in every NBA coach would love to have a team that plays with brilliance on both ends of the court. But the pragmatist that resides within every coach also recognizes the talent that enables a team to do that — a Magic Johnson, who Riley coached in Los Angeles, or a Michael Jordan or Larry Bird — is in very short supply.

And so what Riley set out to do, first in New York and later in Miami, was fill out his roster with whatever bruisers and hulks, bouncers and punks he could find, then tell them every opposing player who drives the lane threatens their manhood.

A New Yorker who watched the resulting pinball game in the paint Tuesday night said it reminded him of something former Boston Celtic center Bill Russell used to say. Russell was one of the best defenders ever and never shied away from physical play. But he always made an important distinction: Contact was a part of basketball, but the collisions were the point of football.

That distinction appears wasted on Riley, not to mention Knicks coach Jeff Van Gundy who, after all, apprenticed with the master during his stay in New York. Both seem to prefer a kind of crash-filled auto race on sneakers to basketball. And so the inevitable crackup came to pass in last year's playoff, when the Knicks' Charlie Ward and Miami's P.J. Brown touched off a melee that led to five Knicks being suspended over two games and Miami coming back to win the series.

All that colliding may produce close games thick with tension and drama. But speed and grace and athletic ability, when it shows up, almost seems like a coincidence. The rest of the time, the most compelling reason to watch is to see whether the big wipeout takes place and who gets caught up in it.

That's what the Heat and Knicks are selling. Anybody who doubts that should have been in the locker room Tuesday night when Miami guard Tim Hardaway, a good guy and one of the few real talents on either team, got caught up in the act.

Told about Murdock's mock throat-slashing, Hardaway replied, "He did that?"

But instead of disgust, there was only admiration in his voice.

"Shoot. I wanted to do that," Hardaway said. "I'll do it Thursday."

# Sharks Show Their Mettle In Overtime

1-0 Edging of Dallas Breaks OT Jinx and Earns 2-2 Series Tie

The Associated Press  
The San Jose Sharks picked a good time to win their first overtime game of the season.

The Sharks evened their Western Conference series at two games apiece by beating the Dallas Stars, 1-0. The

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eighth-place Sharks, who finished 31 points behind league-leading Dallas, had lost the first two games in the best-of-seven series.

"After we got down, 2-0, we were in the same position we had been in all year, behind the eight-ball," said Darryl Sutter, the San Jose coach. "We were out considered a threat."

Andrei Zyuzin won the game with a goal at 6:31 of overtime. Zyuzin took a pass from Bernie Nicholls and sent a hard shot past the Stars' goalie, Ed Belfour.

Mike Vernon, the Sharks goalie who won the Stanley Cup with the Detroit Red Wings last year, stopped 26 shots. It was his sixth career shutout in the playoffs.

"All I saw was that the light went on. I didn't even see it go in because there were so many players skating about," said Zyuzin, who turned 20 in January. The Sharks were 0-2-10 in overtime games during the season.

Senators 4, Devils 3 New Jersey, the top seed in the East, is one game away from first-round elimination.

"We're playing with fire," said Jacques Lemaire, the Devils' coach, after his team lost in Ottawa.

The eighth-seeded Senators, who finished 24 points behind the Devils in the regular season, hold a 3-1 lead in the series. Daniel Alfredsson scored three goals on Tuesday night.

New Jersey almost came back in the game's final minutes after trailing, 4-1, scoring twice to terrify the capacity crowd of 18,500 fans at the Corel Center.

Doug Gilmour, one of the Devils' forwards, scored his fourth goal of the playoffs on a power play with 1:19 remaining. He had a chance to tie the game 18 seconds later in a one-on-one with Damien Rhodes, the Ottawa goaltender. But Gilmour's point-blank shot from the slot hit Rhodes in the chest.

"Now they have nothing to lose," Alfredsson said of the Devils. "If they lose one more, it's golf for them. We know the fourth one is the toughest one to win. We've got a lot of work to do."

Capitals 3, Bruins 0 Olaf Kolzig stopped 38 shots for his first career playoff shutout and Adam Oates, a former Bruin, scored twice as the Capitals beat Boston to take a 3-1 lead in their series.

The Bruins outshot the Capitals, 38-18, but could not beat Kolzig, who has a 1.46 goals-against average in the series. Byron Dafoe made 15 saves for Boston.

Avalanche 3, Oilers 1 Claude Lemieux continued his postseason heroics, scoring his third goal of the playoffs to power Colorado to victory in Edmonton and a 3-1 lead in the series.

Lemieux ripped a hard shot from the right circle that caught the Oilers' goaltender, Curtis Joseph, leaning the wrong way. The puck found the far corner for the game-winner.

Peter Forsberg scored two goals for the Avalanche, who got a 26-save performance from Patrick Roy. Ryan Smith scored for Edmonton.

Red Wings 4, Coyotes 2 Igor Larionov, Vyacheslav Kozlov and Jamie Macoun scored second-period goals as Detroit won in Phoenix to tie the series at 2-2.

Detroit's goalie, Chris Osgood, had allowed 13 goals in three games. This time, he gave up a power-play goal to Rick Tocchet in the first period and a goal to Shane Doan in the third, but also had 32 saves.

**Blackhawks Fire Hartsburg**

Craig Hartsburg was fired Tuesday as coach of the Chicago Blackhawks after his team missed the Stanley Cup playoffs for the first time since 1969. The Associated Press reported from Chicago.

Bob Murray, the team's general manager, said the coach wasn't the only one at fault. "No matter how much I'd like to get rid of 25 hockey players, I will not be able to get rid of them all," he said. "There are just so many you can get rid of and I just didn't think it was fair to put Craig back into that."

# Johnson Finally Wins, Beating Royals

The Associated Press  
Randy Johnson ended a lousy April on a positive note.

He pitched seven strong innings for his first victory of the season as the Seattle Mariners beat the Kansas City Royals, 5-1, Tuesday night.

"This is the kind of game I can build on," Johnson said. "I know the hitters aren't going to feel sorry for me the way I've been pitching, so I need to go out and bury some people."

Johnson (1-1) gave up five hits, struck out nine and walked four in his first start since he served a three-game suspension for throwing at Cleveland's Kenny Lofton on April 15.

Athletics 4, Devil Rays 3 Rickey Henderson and Ryan Christensen hit back-to-back home runs as visiting Oakland beat slumping Tampa Bay.

Tigers 7, Red Sox 5 Detroit pounded Pedro Martinez and won at Fenway Park to avoid setting a record for their worst start ever.

Martinez left after six innings with the game tied, 4-4, and the Tigers went ahead against Jim Corsi in the seventh on Andy Tomberlin's run-scoring single. Detroit broke losing streaks of 11 games on the road and five games overall.

Angels 6, Orioles 5 Jason Dickson earned his first victory since August and Cecil Fielder homered as Anaheim beat slumping Baltimore for its sixth straight

victory. Dickson, who came in with an 11.77 ERA, displayed the form that enabled him to win 13 games and go to

**BASEBALL ROUNDUP**

the All Star game as a rookie last season. He allowed one run and eight hits in 6 2/3 innings to get his first victory in 10 starts since Aug. 23.

Bleu Jays 5, Yankees 2 Tony Fernandez lined a three-run double and Ed Sprague hit a two-run homer as Toronto became the first visiting team to win at Yankee Stadium this season.

New York had been 7-0 at home, including one game that was shifted to Shea Stadium because of repair work at Yankee Stadium.

Rangers 7, Twins 2 Juan Gonzalez set a major league record for runs batted in during April and Ivan Rodriguez had three hits as Texas won at Minnesota.

Gonzalez hit a two-run homer in the ninth inning off Eddie Guardado.

Indians 4, White Sox 1 Omar Vizquel hit a go-ahead, two-out single in the ninth and Charles Nagy pitched eight strong innings as Cleveland won at Chicago.

**In National League games:**

Dodgers 6, Brewers 3

Hideo Nomo hit his first major league

home and pitched a three-hitter as the

Los Angeles beat Milwaukee.

Nomo struck out a season-high 11 in pitching his second straight complete game after the shortest outing of his career. He held the Brewers to just one run until Eric Owens hit a two-run, two-out homer in the ninth.

Nomo fell behind early as Jeremy Burnitz led off the second with his eighth homer.

However, Nomo then retired 15 straight before Jeff Cirillo singled to start the seventh. Fernando Vina then walked off four pitches before Nomo struck out Burnitz, Marquis Grissom and Geoff Jenkins to end the inning.

Then he hit his homer to cap a six-run seventh for the Dodgers.

Padres 7, Cubs 3 In San Diego, Tony Gwynn capped a five-hit game with a home run and scored three times as San Diego ended a season-high two-game losing streak by beating Chicago.

Gwynn raised his average to .360 from .321.

Astros 4, Mets 3 In Houston, New York closer John Franco failed to protect a ninth-inning lead for the second straight day against Houston.

The left-hander had blown a 3-2 lead the night before. Working with a 3-2 lead on Tuesday, he loaded the bases before Houston tied it on Moises Alou's two-run single. Franco was able to get the game to extra innings by striking out the side.



Andy Sheets, the San Diego Padres shortstop, tagging out Sammy Sosa of the Cubs following a pitchout. Sosa was trying to steal second base.

But in the 10th, the Astros again loaded the bases with none out with John Hudek pitching before Sean Berry hit a game-winning single.

Phillies 11, Reds 6 In Cincinnati, Kevin Jordan hit a three-run homer in the 10th as Philadelphia broke its six-game road losing streak.

Rockies 8, Marlins 7 In Denver, Colorado's Neftali Perez had three hits and drove in three runs, and Dante Bichette had four hits as the Rockies edged Florida.

Giants 2, Pirates 1 In San Francisco,

Shawo Estes outdueled Pittsburgh's Francisco Cordova with 6 1/3 innings of two-hit pitching.

Jeff Kent and J.T. Snow each hit home runs, the first allowed this season by Cordova. Estes, a 19-game winner and All Star last year, retired 15 straight after allowing Tony Womack's single to start the game.

Brewers 12, Diamondbacks 2 In Phoenix, Tom Glavine (4-0) scattered three hits over seven innings as the Braves improved to 5-0 against the expansion Arizona Diamondbacks.

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## ART BUCHWALD

## A Big To-Do in D.C.

WASHINGTON — If anyone thinks this is not an exciting town, they should have attended last Saturday's White House Correspondents' Dinner for 2,599 newspaper people and their guests. I wasn't there; I was manning the Starr Hot Line, in case the prosecutor decided to subpoena somebody's mother to appear in front of the grand jury. But my friend Arnie Flagg was.

He called breathlessly, "You should have been there. There was electricity in the room."

"Because the president and Hillary were there?" I asked.

"No, because Paula Jones was there."

"I can't believe it. You were in the same room with Paula Jones?"

"I was eight tables away from her. Everyone in the place was trying to get a look

at her. I never saw so many newspaper reporters go ape. "I wish I had been there. What makes her the biggest celebrity in Washington?"

"She appealed her case," Arnie said. "She used up Andy Warhol's 15 minutes of fame, and now she has bought another 15."



Buchwald

"Who invited her?"

"Paul Rodriguez, the editor of Insight, a right-wing publication, who doesn't like President Clinton very much. Rodriguez was quoted on a talk show as saying, 'If he's guilty, shoot the SOB and shoot him quick. We want him out.' The Secret Service didn't like that, but they're investigating him. But since he talked Paula Jones into coming to the dinner, Gordon Liddy has forgiven him."

"Did they ask Paula to speak?"

"No, they were afraid she'd break down like people do on the Academy Awards."

"Did she get a standing ovation?"

"I don't think so, though she deserved one from this crowd. Her charges have kept many Washington correspondents employed."

"What did the president do?"

"I don't think he shook hands with Paula. Which makes sense since they're legally at odds."

"Do you think Hillary wanted to tear Paula's hair out?"

"Probably. But I believe she promised Bill she would behave herself."

"It's amazing how star-struck reporters in Washington can be. One last question: Is Paula as beautiful in real life as she is on television?"

"Not only that, she's a national treasure."

## Miramax Gets Rights To Woody Allen Film

NEW YORK — Sight unseen, Miramax Films has acquired the North American rights to Woody Allen's latest film, "Celebrity," which stars Kenneth Branagh, Judy Davis, Leonardo DiCaprio, Melanie Griffith, Joe Mantegna and Winona Ryder.

Miramax also signed Lasse Hallstrom ("My Life as a Dog") and "What's Eating Gilbert Grape") to direct "The Cider House Rules," based on the novel by John Irving, who wrote the screenplay.

## Rene Magritte Threatens to Unite the Belgians

By Alan Riding  
New York Times Service

BRUSSELS — After centuries of being variously ruled by Austria, Spain, France and the Netherlands, Belgium was already suffering something of an identity crisis when it finally became a nation in its own right in 1830. Since then, things have not got much better.

Divided between Dutch-speaking Flemish, French-speaking Walloons and polyglot Brusselsians, Belgians often seem uncertain what, if anything, they have in common. No wonder local intellectuals entertain themselves by predicting that their country will soon break up.

But it may not happen quite yet. This year, at least, Belgians have discovered a rare point of unity in the dapper figure of Rene Magritte. Belgium's most influential artist this century. Joining forces to organize exhibitions, publications, television programs and walking tours to mark the centenary of his birth, they have embraced Magritte as the quintessential Belgian, the respectable pipe-smoking bourgeois in the bowler hat whose Surrealist paintings mirrored the absurdity of existence.

Thus, Belgians have found that to celebrate his art of the unlikely juxtaposition is to celebrate a nation in contradiction with itself. To accept the artist's refusal to explain his paintings is to be relieved of the need to explain Belgium. Magritte's "This is not a pipe" has become "This is not a country," which is fine, because Magritte's nonpipe was also a pipe, just different.

An alternative take on this year's Magritte mania is simply that, having seen France quietly appropriate many of their French-speaking heroes (from Georges Simenon to Jacques Brel), Belgians are delighting in seeing the French tripping in large numbers to Brussels to pay their respects to Magritte.

Then there is the pleasure in recognizing Magritte in everyday life. Not just those of his images that have been endlessly plagiarized in

advertising and the performing arts to the point that their provenance is often forgotten (two new productions at the Paris Opera are full of uncredited Magritte references), but also those visual and intellectual enigmas that are now simply called surreal but were in fact first isolated by Magritte.

Of course, there may also be a simpler explanation: that anniversaries are hard to resist. Once the Royal Museums of Fine Art decided four years ago to record the Magritte centenary with the largest art exhibition in this country's history, other shows were destined to follow.

"Homage à Magritte: 1898-1967" at the Galerie Christine et Isy Brachot in Brussels through May 31 focuses on his photography and sketches; "Rene Magritte and Contemporary Art," at the Museum of Modern Art in Ostende through June 28, looks at his influence on later artists; and "Magritte in Chatelet," at the Town Hall there through May 17, is showing the work he did during his teenage years while he was living there.

But the centerpiece, through June 28, remains "Magritte" at the Royal Museums of Fine Art, which is presenting 300 paintings and gouaches as well as posters, cover designs of musical scores, tracts, letters, magazine covers, photographs and homemade movies.

The exhibition is displayed chronologically, starting with the groping steps that preceded the artist's discovery of Giorgio de Chirico and Surrealism in 1925. First came Magritte's encounter with Italian Futurism, which he proclaimed "a revelation" and which led him, as he later put it, to "do Futurism." A couple of years later, he belatedly found Cubism and produced what he described as "a mixture of Cubism and abstract art." But, he wrote near the end of his life, "these experiences gave me little satisfaction."

From 1925, though, he developed the style that, with a couple of brief digressions, would stay with him until his death in 1967 at



A detail of Magritte's "The Philosopher's Lamp" of 1936.

69. It was a style marked more by his eye and his mind than by his hand, more by its content than by its technique, more by his desire to disturb than to give pleasure. Today he is considered to have been a competent but unexceptional painter, yet his work remains remarkably popular and topical.

He did not like to be called the Father of Pop Art, and he was right. This show demonstrates that he has survived Pop Art.

The decade that followed Magritte's conversion to Surrealism was enormously creative. Already in the 1925 "Nocturne," some of the motifs appear that would stay with him for decades. In this case the notion of a painting within a painting, a bird in flight and what he called a "bilboquet," the carved wooden pole that variously resembled an ornate table leg, a staircase balustrade and a chess pawn.

Other favorite motifs, like the sea and clouds, joined his vocabulary the following year in "The

Birth of the Idol" and "After the Water, the Clouds." In "The Musings of a Solitary Walker" of 1926, the mysterious bowler-hatted man, seen from behind, makes his entry, this time standing near the River Sambre where Magritte's mother drowned when he was 12.

In 1927, he became entranced with the double image: the back and front of a bowler-hatted man in "The Meaning of Night"; a man in tails on either side of a door in "Portrait of Paul Nougé," his closest friend at the time, and, in "The Secret Double," where the double is an illusion because what is missing from the face and torso of a woman is placed beside her. All this was relatively simple. Things are not as they appear.

In 1928 alone, when Magritte painted no fewer than 100 works, including the famous hooded images of "The Lovers," he began introducing words into his paintings, invariably meant to create tension between the perception of

the eye and of the mind.

In time, he came to use fewer words on his canvases and concentrated instead on coming up with bizarre titles for his works. A 1930 full-length portrait of a nude, in which the body is divided into five separate paintings, became "The Eternally Obvious."

Amusingly, for a man who never explained the meaning of his images, Magritte in fact spent a lot of time explaining why they could not be explained. "Too often by a twist of thought, we tend to reduce what is strange to what is familiar," he said. "I intend to restore the familiar to the strange."

And perhaps unsurprisingly, this exhibition serves to confirm how many of his strange images are now all too familiar: the train emerging from a fireplace, a lamp in a dark street against a bright sky, a green apple filling an entire room, a vast rock topped by a castle hovering over breaking waves, birds growing out of plants.

Less familiar are the works of the early 1940s, in what he called his Renouveau period, when Magritte embraced the rich colors of Impressionism as an antidote to the grimness of World War II, and of the late 1940s, when he created his "ache" or cow paintings, as a way of shocking Parisians who in 1948 belatedly gave him his first one-man show.

Magritte kept working to the end, often making several copies or variations of the same work (he did 16 versions in oil and seven in gouache of "The Dominion of Light," for example). But he never felt a need to apologize; he derided the idea of a unique work of art.

Indeed, near the end of his life, he liked to boast that he had done 1,000 canvases but had only 100 ideas. Nonetheless, 31 years after his death, both his ideas and his images are still being copied, still drawing crowds, still provoking a frown or a smile, even threatening to unite Belgians, which isn't bad for a man who insisted he was not really a painter.

## PEOPLE

THE pop sensation Spice Girls are queens of the column inches in the British press, which has devoted five times more space to them than to any other star, according to a study published Wednesday. The study was carried out by the communications department at Bournemouth University in southern England, at the request of the Madame Tussaud wax museum in London, which wanted to find out whom it should add to its collection. Among the Spice Girls, Victoria Adams (Posh Spice), who is engaged to the soccer player David Beckham, is the most written about of them all. Liam Gallagher, lead singer of another Brit-pop phenomenon, Oasis, is placed only fifth in the survey, behind Paul McCartney, but ahead of President Bill Clinton.

The singer Michael Bolton has promised that at least half the money his foundation raises will go directly to the needy women and children it serves. He and his Michael Bolton Foundation were harshly criticized last week after it was reported that less than 15 percent of the \$2.6 million raised by the foundation in 1995 made its way to the people it is supposed to serve. Bolton said the 1995 figures were misleading because much of the money that year went to pay for celebrity fund-raising events. He released figures for 1993 through 1996, showing that of \$7.2 million raised

by the foundation, only about half went to fund-raising and administrative costs.

After last year's disappointing turnout, the Godfather of Soul is capping his annual birthday blowout. James Brown had held a birthday concert on May 7 in Augusta, Georgia, since 1994. But last year, the auditorium where the event was held was half empty. It cost Brown up to \$100,000 a year to hold the Augusta concerts. He also dropped plans for a big celebration in Las Vegas and is in negotiations for a televised tribute. "It will be a deferred celebration," his lawyer said.

After playing bit parts in movies, Snoop Doggy Dogg may be about to land his first starring role. The rap star is considering "Bones," a film about a ghost who is awakened 20 years after his death to seek revenge against his killers. He has made cameo appearances in "Half Baked," "Ride" and "Caught Up."

The Duchess of York says she and her former husband, Prince Andrew, have an informal arrangement to meet their dates away from the home they share. On a television appearance, the talk-show host Jay Leno fished for details of the couple's relationship with

each other and with others. "I live on the bottom floor and he lives on the top floor, and it's great for the children," she said. "We have breakfast together and spend weekends together." Leno pressed for details. "None of this — oops, wrong bedroom? None of that?" he asked. "No, Jay. No. No," she replied.

Paula Jones had those grainy snapshots in the April Penthouse, but Monica Lewinsky is getting the full Herb Ritts portrait in Vanity Fair. The California girl, dressed in a black cocktail dress, frolicked for Ritts on a Malibu beach and in the surf around sunset. The former White House intern, who has been under investigation by prosecutors, received no payment for the photos and did not give the magazine an interview, her lawyer, William Ginsburg, said.

Warren Beatty hosted a private Washington screening of "Bulworth," the new film he wrote, produced, directed and stars in about a cynical, suicidal senator who has an epiphany in a riot-stricken Los Angeles neighborhood. It is a movie long on profanity, ethnic stereotypes, rap music and huge slices of life at the bottom. "It's about class, race and money in politics," said the 61-year-old Beatty. "This picture needs that vulgarity to grab your attention."



The Duchess of York and host Jay Leno on "The Tonight Show."



(put on a happy face)

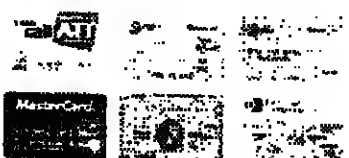
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